

City of Wichita, Kansas

Incorporated 1870
City of 1st Class 1886
Council-Manager Form of
Government Adopted 1917

Comprehensive Annual Financial Report

For the Year Ended December 31, 2004



CITY COUNCIL

Carlos Mayans, Mayor
Carl Brewer, Vice Mayor (I)
Sue Schlapp, Council Member (II)
Phil Lambke, Council Member (III)
Paul Gray, Council Member (IV)
Bob Martz, Council Member (V)
Sharon Fearey, Council Member (VI)

City Manager

George Kolb

Department of Finance

Kelly Carpenter, Director of Finance
Tom Smith, Acting Interim Director of Finance

Prepared by Controller's Office
Department of Finance

CITY OF WICHITA, KANSAS

Comprehensive Annual Financial Report Year ended December 31, 2004

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— INTRODUCTORY SECTION —



Department of Finance
Controller's Office
City Hall – Twelfth Floor
455 North Main
Wichita, Kansas 67202

April 22, 2005

The Honorable Mayor, City Council and City Manager
City of Wichita, Kansas

Dear Mayor, Council and Manager:

The Comprehensive Annual Financial Report of the City of Wichita for the year ended December 31, 2004, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Kansas Statutes require an annual audit of all funds of the City by independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2004 are free of material misstatement. The firm of Allen, Gibbs & Houlik L.C. has included their opinions in the report. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the statements are presented in conformity with Generally Accepted Accounting Principles (GAAP).

In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of OMB Circular A-133. The auditors' reports related specifically to the single audit are included in the Single Audit Section. Information related to this single audit, including the schedule of expenditures from federal awards, findings and recommendations, and auditors' reports on the internal control structure and compliance with

applicable laws and regulations, are included in the single audit section of this report. The audit for the year ended December 31, 2004, disclosed no reportable conditions, material weaknesses or material violations of laws and regulations.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

The City of Wichita is the largest city in Kansas, population 354,980, and is the county seat of Sedgwick County. The City is located in south central Kansas, 161 miles southeast of the nation's geographic center and 124 miles from the North American geodetic center. The City's incorporated area is 152 square miles.

In 1917, the City became one of the first municipalities in the United States to adopt the Commission-Manager (also known as the Council-Manager) form of government. In 1987, the form of government was modified to a Council-Manager form with City Council members nominated by district and elected at large. One member of the Council was appointed annually to serve as Mayor. In 1989, the form of government was again modified to a Mayor-Council-Manager form with a Mayor elected at large and other City Council members elected by district. The City Council was expanded from five to seven members, including the Mayor. The City Manager is appointed by the City Council and is responsible to them for the management of all City employees and administration of all City affairs.

The City of Wichita and its component units provide a full range of municipal services, including police and fire protection, parks and recreation programs, libraries, art museum, public housing, public health and social services, infrastructure improvements, bus transportation, airports, water and sewer utilities, planning and zoning, cemetery maintenance, internal support services, and general administration.

The Budget Process: The budget process is a marketplace where past practices, present needs and future strategic objectives from all departments are brought together. The City of Wichita actually produces three operating budgets: 1) revising of the current year budget; 2) proposing and adopting a budget for the next year, which will become the Adopted Budget upon Council approval; and 3) projecting a budget for the year following, which becomes the basis for the proposed budget next year. Each year the departments are required to submit requests for appropriation by April to the Budget Office in the Department of Finance.

The Finance staff reviews the requests and prepares an analysis and recommendations to the City Manager. Department directors also present an overview to the City Council so the City Council may be better informed in its direction to the City Manager and Finance staff concerning priorities and desired objectives of the budget. The City Manager reviews the budget requests and recommendations to develop a proposed budget, presenting a recommended budget to the City Council for review in July. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than August 25.

Budgetary Control: The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at an individual fund level, but is monitored by function and activity within an individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriations lapse at year-end, however, lawful encumbrances are reappropriated as part of the following year's budget. As demonstrated by statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, the comparison is presented on page A-23 as part of the basic financial statements, as well as a more detailed presentation beginning on page B-16. For governmental funds, other than the general fund with appropriated annual budgets, the comparison is presented in the governmental fund subsection of this report which starts on B-1.

THE LOCAL ECONOMY¹

The Wichita area economy has begun to show signs of recovery. Retail sales are increasing, employers are calling employees back to work, the Wichita State University (WSU) Index of Leading Economic Indicators is on the rise, and major new employers such as INVISTA are entering the market. However, the economy still faces challenges. While some aircraft workers have been called back, it is only a small fraction of the nearly 15,000 laid-off employees laid off since September 11, 2001. Additionally the sale of Boeing Wichita's commercial operations to Onex Corp. adds an unknown risk to the local recovery. On balance, indicators suggest the economy will improve in 2005, but the improvements will be modest.

The WSU Current Conditions Index has been on a downward trend for five months, driven by a 6.6 percent decrease in new and existing home sales and a 2.4 percent decline in outbound airfreight shipments at Mid-Continent Airport. Despite the decline in the Current Conditions Index, the WSU Leading Economic Indicators Index has been rising for the past five quarters and is higher than it has been since early 1999.

The Consumer Expectations² Index declined significantly from January to February of 2005. Fewer people (13 percent fewer) believed the local economy was better than a year ago, and 12 percent fewer believed to was a good time to buy a major household item. The deterioration in expectations is the lowest index in seven months. Despite the decline in overall confidence, nearly 64 percent of the employed respondents expect their salary to increase over the next year.

Labor Market

Wichita's labor market is showing signs of recovery. Total wage and salary employment in 2004 declined 0.1 percent compared to 2003. Fourth quarter employment increased over the same period in 2003 to provide a turnaround in employment from ten quarters of declining employment.³

Initial claims filed for unemployment declined in 2004 by 29.9 percent. In 2004, 44,194 initial claims were filed compared to 63,066 in 2003. The unemployment rate is down to 5.7 percent in 2004 from 7.1 percent in 2003. Nonetheless, that translates into an average of 16,553 unemployed in the 12-month period ending December 2004 compared to 20,458 unemployed in the previous 12-month period.

The average hours worked per week in manufacturing are up in 2004 and the average hourly earnings were also up 8 percent to \$20.02 per hour. The CEDBR expects total wage and salary employment to increase modestly in 2005, projecting an increase of 4,300 jobs.

Production Sectors⁴

Employment is up in the construction sector driven by higher demand, but companies are struggling to maintain profit margins as construction input prices soar. Employment losses continue in the manufacturing sector, however, employment has remained stable in the mining sector as profits and production have increased with rising oil prices. The CEDBR is forecasting 2.2 percent employment growth (1,600) jobs among the production sectors in 2005.

Construction and Housing: New residential construction has experienced significant growth in 2004. The inflation adjusted value of new residential construction permits is up 13.6 percent and the inflation-adjusted value of new commercial construction permits is up 26.9 percent.

¹ The economic analysis has been provided by the Center for Economic Development and Business Research, Wichita State University (CEDBR).

² The Consumer Expectation Index is derived from the results of a monthly survey of approximately 400 households in the Wichita metropolitan statistical area.

³ Seasonally adjusted non-farm wage and salary employment.

⁴ CEDBR has defined the production sectors to include the manufacturing, construction and mining industries.

During the past five years, the USD 259 bond construction work totaled nearly \$285 million. The USD 259 work should be completed by the end of 2005 with no public construction projects of similar magnitude on the horizon. In November, Sedgwick County voters approved a one-cent sales tax increase to fund the construction of a new downtown regional events center. The construction of the \$133 million facility is not expected to begin before 2006. Another project on the horizon is a \$150 million project to build a new terminal at Mid-Continent Airport.

In summary, the outlook for construction is modest industry growth. Commercial construction will improve with the economy. Residential construction is expected to slow with rising interest rate and the impact of spent-up demand takes hold. Public construction is expected to slow. Maintaining profit margins will be the major challenge for 2005 as the cost of construction materials rises. Employment is expected to increase by 0.7 percent for a net gain of 100 jobs.

Manufacturing: After a three year recession, aviation manufacturing in Wichita has positive news with the callback of some furloughed workers to support rising orders and deliveries. Bombardier and Cessna both announced plans for new business jets, the Cessna Citation XLS launched in 2004 and the Global Express SRS to be launched in 2006. The sale of Boeing Wichita's commercial operations to Onex Corp., a Toronto, Canada based company creates uncertainty however.

Cessna began hiring production and other workers in the spring of 2004. Raytheon recorded its single biggest order of business jets for 58 Hawkers from NetJets. Raytheon however, continued outsourcing jobs with some work going to Wichita subcontractors and some to companies outside the United States. Bombardier moved the Challenger 300 final assembly out of Wichita and consolidated its spare parts units for job losses of over 400.

In February, Boeing announced the sale of its Wichita commercial planes operations to Onex Corp. At this time it is uncertain what percentage of the Shared Services division employees will remain with Boeing. The Onex sale did not impact the Boeing Wichita military operations which will remain in Wichita. The sale is expected to be completed in the second quarter of 2005.

The forecast for manufacturing employment is an increase of 2.6 percent for a net gain of 1,500 jobs, with the uncertainty of the Boeing Commercial sale and its impact on area jobs.

Trade Sectors⁵

For the 12 months ending in December 2004, employment in the trade sectors was down one percent or 483 jobs. Most of the job losses have occurred in the transportation, warehousing and utilities industries. The retail trade sector showed growth of 0.3 percent during the period or 75 jobs. The CEDBR is forecasting growth of 200 jobs in 2005 or 0.4 percent overall.

Retail trade: Wichita continues to see an influx of national retailers. In 2004, Wal-Mart, Lowe's Hardware, Walgreens, Aldi's, Big Lots and Dillons each built new Wichita area locations. CarMax Auto Superstores is planning an East Kellogg location and ImageQuest, a retailer of digital copying, faxing and printing equipment is building a \$1.7 million headquarters in northeast Wichita. The highly competitive retail market is reflected in the numerous store closings that occurred as well during 2004. Among the national and local retailers closing are Gateway Computer stores, KB Toys and Red Wing Shoes.

While Wichita consumers have continued to spend money on homes throughout the recession, the same is not true for other retail spending. Sales rebounded in the first quarter of 2004 after five declining quarters. Taxable retail sales are up 2.7 percent for the first nine months of 2004 compared to the first nine months of 2003.

⁵ The CEDBR defined the trade sector to include the wholesale and retail trades, transportation, warehousing and the utilities industries.

Transportation: Since the entrance of low-cost AirTran into the market, the number of outbound passengers at Wichita's Mid-Continent Airport has increased in each of the past three years. In 2004, outbound passengers totaled more than 749,000 up 4.4 percent from 2003. Over the past year, a number of airlines have added routes and increased the number of daily flights including Airtran, American Eagle, Sky West, Northwest and United. However during this same period Delta and Great Lakes discontinued flights.

In July, the Wichita Airport Authority recommended that a new terminal be built at Mid-Continent Airport. The Wichita City Council endorsed the \$150 million project which includes parking and roadway improvement in addition to a new terminal. The project is expected to span five years.

Service Sectors⁶

The service sector has grown over the past year, but that growth has not been even across industries. For the 12-month period ending in December 2004, employment was up 0.4 percent or 442 jobs. Growth was led by professional and business services (up 3.2 percent), educational and health services (up 1.6 percent) and other services up (1.5 percent). The remaining service sectors experienced job losses led by leisure and hospitality (down 875 jobs), the information sector (down 275 jobs) and the financial sector (down 33 jobs). The CEDBR projects employment growth of 2.1 percent or 2,500 jobs in 2005.

Telecommunications: The telecommunications industry continues to experience transitions. Birch Telecom closed its Wichita call center affecting about 50 employees. SBC Communications reduced employment system-wide while planning to offer high-speed fiber-optic service. Cingular Wireless acquired AT&T Wireless and smaller companies, such as Hubris Communications are expanding in the Wichita area.

Call Centers: In 2004, Wichita again lost numerous call center jobs. MCI, one of Wichita's largest call centers employing more than 600 full- and part-time employees, closed. Viking Office Projects is planning to close in early 2005, eliminating more than 100 jobs. Bank of America announced plans to close its Wichita Loan Center and eliminate 230 jobs. McLane Co. is closing its call center with a job loss of 120. On one positive note, ON-Line Communications is opening a call center in Wichita and plans to hire seven managers and 25 full-time telemarketing positions.

Health Care: The demand for health care is largely unchanged by a downturn in the larger economy. However, the economics of the industry are affected by both the business cycle, government regulations and reimbursement rates. Despite the current pressures on profit margins, expansion activity was evident in 2004, with many providers building larger facilities and adding staff. Health care facilities including Wesley, Via Christi and the Wichita Clinic added services, staff and facilities to meet specific needs.

- Via Christi and AMS Diagnostics opened a medical imaging facility.
- Via Christi opened a new family practice and specialty clinic in early 2005.
- Select Medical Corp. opened a long-term acute care hospital at the Via Christi's St. Francis campus, which will employ up to 60 registered nurses, therapists and support staff.
- Wesley opened a new cardiovascular intervention unit.
- Wesley plans to open an emergency and diagnostic center at 13th and Tyler Road.
- Wichita Clinic is building a new medical office and ambulatory surgery center in northeast Wichita.
- Wichita clinic opened a cosmetic surgery center at its 21st and Webb location.
- Two companies, Harry Hynes Memorial Hospice and Hospice Care of Kansas, expanded their hospice services, with Hynes building a 12-bed inpatient unit at the Via Christi St. Francis campus and Hospice Care opening a second location.

Tourism: Most people do not think of Wichita as a major tourist destination. Yet, an estimated 3.4 million visitors came to the area in 2003, spending \$355.7 million. Most of Wichita's visitors are regional tourists traveling less than

⁶ The service sectors are defined to include information and financial services, professional and business services, leisure and hospitality, education, health and other services.

200 miles. Wichita has landed two large national sporting events, the 2004 Women's International Bowling Congress, with more than 42,000 bowlers registered and the 2011 American Bowling Congress Men's Tournament, which is expected to attract 150,000 visitors. Additionally, the 2004 National Forensic League's National Speech Tournament will be held in Wichita, which is expected to attract nearly 6,000 participants and spectators.

In November 2004, Sedgwick County voters approved a one-cent, 30-month local sales tax to pay for the construction of a new 15,000 seat, regional events center in downtown Wichita. Construction is expected to begin in 2006.

Restaurants: As in the past, numerous restaurants opened and closed in 2004. Wichita based companies such as Total Entertainment and Spangles continue to expand in other markets, with Total Entertainment opening its first Wichita restaurant, Fox and Hound in the Waterfront development. Amarillo Grill closed its last Wichita location as a result of its parent bankruptcy.

CITY BUSINESS AND FINANCIAL PLAN

Business Plan: The City's budget outlines a plan for the provision of programs and services. The downturn in the local economy and losses in State financial aid that began in 2002 required a refocusing of priorities to maintain essential services in the face of rising costs. The City has proceeded with priority elements of its business plan, including:

- Two new Police beats with community policing components in each beat are being added to address law enforcement service needs in a geographically larger city.
- Six fire stations were constructed, relocating fire personnel and apparatus within the community to meet changing needs for emergency fire and medical response services with an additional five stations planned in future years.
- Operating budgets were provided for the two new regional branch libraries that consolidate and improve library services in the northern and southern areas of Wichita.
- Efforts are continuing to expand both the water and sanitary sewer system capacities to meet projected needs over the next fifty years, including expansion of the water supply and completion of treatment facility construction.
- Major freeway construction continues and is underway concurrently on east and west segments of US-54 highway that bisects Wichita, as well as continued planning for elevation of rail trackage that run north-south through the city.
- Enhancement of the City's technology services is continuing with extension of a wide-area network connecting all major City facilities and installation of a new computer system serving Police and Court functions was completed.
- Investment in parks, athletic complexes and the arts programs continues to ensure ample leisure opportunities.
- A continued investment in Old Town with the relocation of CityArts into the Old Town District.
- The groundbreaking on the WaterWalk development on the banks of the Arkansas River.

Long-Term Financial Planning: The City takes prudent actions to manage its finances long-term. With the knowledge that an economic downturn was likely, the City took action to lower costs beginning in fiscal 2001, so that cash reserves were increased as a cushion against expected losses in 2002 and 2003. The positive change in cash reserve allowed continuation of essential services without a tax increase during a period of revenue shortfall. As a result, the 2004 or 2005 budget did not require a mill levy increase, though actual levies fluctuated slightly with changes in assessed valuation.

The City routinely prepares a five-year outlook as a preliminary to the annual budget process, then issues a two-year operating budget to identify trends that may extend beyond the statutorily mandated one-year budget. Additionally,

the City prepares a ten-year capital budget and plan to better allow for the extended timeframe required for completion of capital projects, including coordination with grant and other funding requirements.

In 2002 the City undertook to change the structure of debt financing of two components of its capital programs. In light of the long-term capital requirements of the Water and Sewer utilities and a fifty year useful life of infrastructure investments for water supply and sewage treatment, the City undertook some limited twenty-five year debt financing to introduce more intergenerational equity and lower projected rate increases on the near term. This was a modest departure from past practice of twenty-year utility debt financing. Beginning in 2003, Water and Sewer Revenue bond issues reflect the longer debt structure. A similar analysis on the financing of freeway construction from a dedicated local sales tax resulted in extending debt term from ten to fifteen years so that more freeway construction could proceed earlier and capturing grant funding support. The 2003 and 2004 bond issues also reflects the extended debt structure.

Cash Management: Under a comprehensive, written investment policy, the City continues to manage a pooled funds investment program for all cash not otherwise restricted. The banking services agreement for maintenance of the City's checking account is with Intrust Bank. The agreement allows for a Treasury Management Public Funds account for the City's overnight cash in its checking account, at a rate based on the previous months four-week average of the 91-day Treasury Bill less .50 basis points. The program allows the City to invest its cash in secured investments for larger amounts, for longer terms, with fewer total investment transactions and for generally higher yields on City investments.

The City's pooled investments, with an amortized cost of \$264,511,034 had a fair value of \$263,456,096 at December 31, 2004. The weighted average maturity of the portfolio was 194 days. The weighted average yield to maturity of 2.07 percent compared to the City's benchmark 91-day Treasury Bill yield of 2.21 percent. The rapid and successive increases in the short-term yield curve caused current investments to decline in market value. The increased interest rates however, provide opportunity for higher yields as the portfolio's current investments mature and are reinvested.

Risk Management: The City's insurance, self-insurance, and safety programs are funded and administered through the Risk Management office. Funds for these programs are provided through allocations to all covered operations based upon their exposure and loss experience. The funds are maintained in a risk management reserve fund as authorized in Kansas Statutes. In addition, the City, Airport Authority, Art Museum, and Wichita Public Building Commission maintain insurance policies and bonds as detailed in the Additional Information Section of this report.

Pension Administration: The reporting entity contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. The defined benefit plans include the Wichita Employees' Retirement System (WER) with an asset-liability funding ratio of 112.1% and the Wichita Police and Fire Retirement System (P&F) with an asset-liability funding ratio of 99.8% (both as of 12-31-04). A single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3.

In 2004, the City contributed 6.4 percent for Wichita Employee Retirement System Plan 1 employees, 4.7 percent of salaries for employees under the Plans 2 and 3 and 14.0 percent of salaries for employees in the Police and Fire Retirement System. A separate comprehensive annual financial report is issued for the City's pension funds and systems.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its comprehensive annual financial report for the fiscal year ended December 31, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The 2003 award represents the 31st consecutive year that the City of Wichita's comprehensive annual financial report earned the

recognition.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The 2003 report also includes a supplementary section for the benefit of Water and Sewer revenue bondholders. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the report of the independent auditors, combined financial statements and related footnote disclosures, combining statements by fund type and individual fund, and additional information pertaining to the reporting entity. The statistical section includes financial and demographic information, generally presented on a multi-year basis. The single audit section includes independent auditor reports on internal control and compliance with requirements of major federal programs.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE PENSION TRUST FUNDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its comprehensive annual financial report for the fiscal year ended December 31, 2003 for the Pension Trust Funds of the City of Wichita. As for the primary government's financial report, in order to be awarded the Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The 2003 award represents the 5th consecutive year that the City of Wichita's comprehensive annual financial report for pension funds earned the recognition.

A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report for pension funds continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

OUTSTANDING BUDGET PRESENTATION AWARD

The City of Wichita has received for the 16th consecutive year, the GFOA's Outstanding Budget Presentation Award for its 2004 budget document. The award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a government and its management.

In order to receive the award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium. The award is the budgetary counterpart to the Certificate of Achievement and is valid for one year only.

CERTIFICATE OF EXCELLENCE FOR INVESTMENT POLICY

The Association of Public Treasurers, United States and Canada, awarded a Certificate of Excellence for the City's Investment Policy in 2002. In order to be awarded a Certificate of Excellence, a government must prepare and publish an investment policy that meets the standards established by the Association.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Controller's Office. We would like to express our appreciation to all members of the office who assisted and contributed to its preparation. The City Manager and elected members of the City governing body continue their interest and support in planning and conducting the financial operations of the City in a professional, responsible and progressive manner.

Respectfully Submitted,



Kelly Carpenter
Director of Finance



Tom Smith
Acting Assistant Director of Finance



Carol McMillan
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wichita,
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.

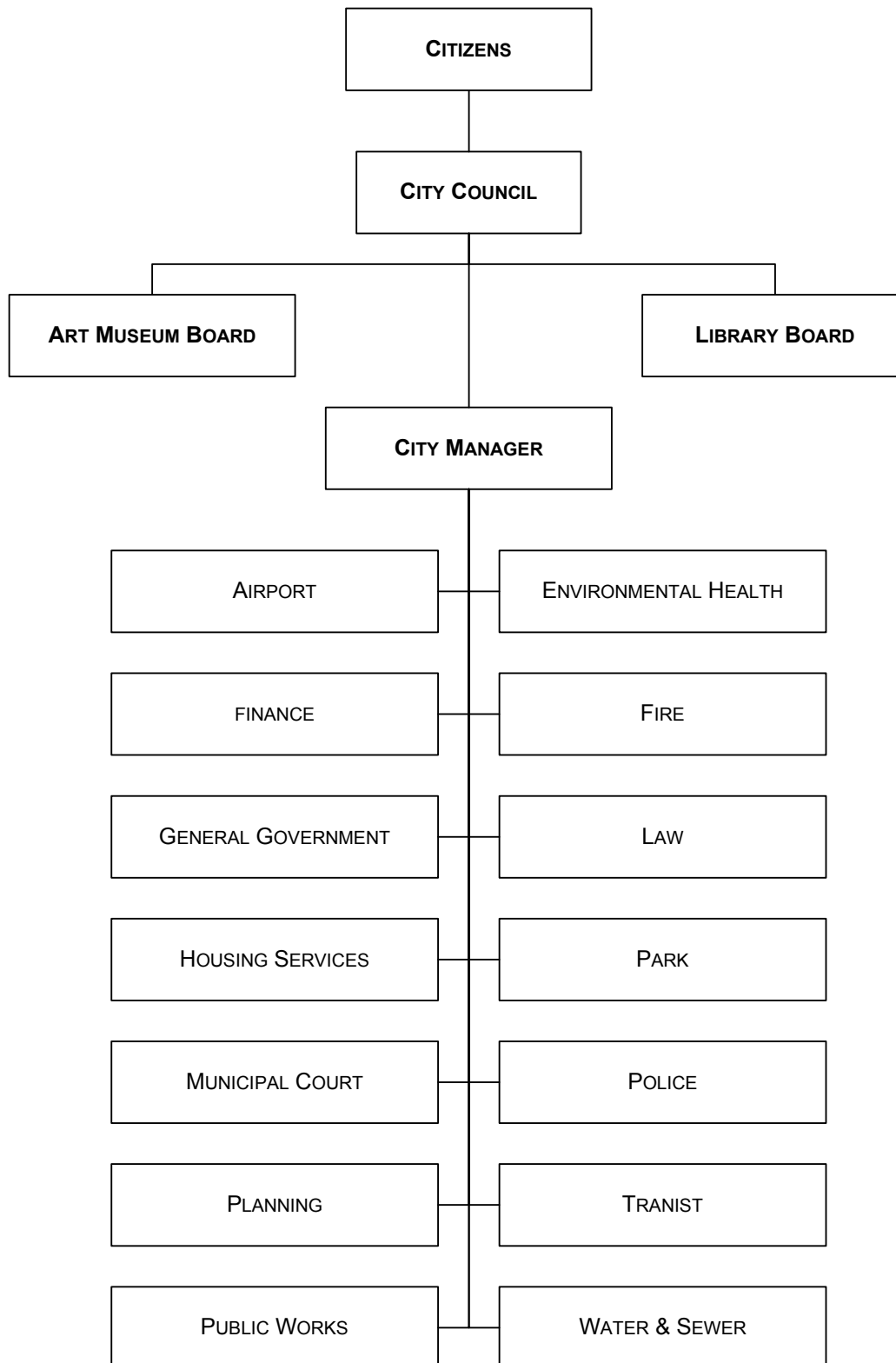


Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director



CITY COUNCIL MEMBERS

Carlos Mayans	Mayor	268-4331
Carl Brewer	Vice Mayor (I)	268-4331
Sue Schlapp	Council Member (II)	268-4331
Phil Lambke	Council Member (III)	268-4331
Paul Gray	Council Member (IV)	268-4331
Bob Martz	Council Member (V)	268-4331
Sharon Fearey	Council Member (VI)	268-4331

CITY OFFICES

City Manager	268-4351	George Kolb, City Manager
General Government	268-4351	Cathy Holdeman, Assistant City Manager
Airport	946-4700	Tom Nolan, Interim Director of Airports
Art Museum	268-4977	Charles Steiner, Director of Art Museum
Central Inspection	268-4460	Kurt Schroeder, Superintendent
Finance	268-4300	Kelly Carpenter, Director of Finance
Fire	268-4451	Kay Johnson, Director of Environmental Health
Housing Services	268-4687	Mary Vaughn, Director of Housing Services
Law	268-4681	Gary Rebenstorf, Director of Law & City Attorney
Library	261-8500	Cynthia Berner-Harris, Director of Libraries
Municipal Court	268-4611	Kay Gales, Court Administrator
Park	268-4361	Doug Kupper, Director of Parks and Recreation
Personnel	268-4531	Lori Wilkerson, Interim Personnel Director
Planning	268-4421	John Schlegel, Director of Planning
Police	268-4158	Norman Williams, Chief of Police
Public Works	268-4497	Chris Carrier, Director of Public Works
Transit	265-1450	Jay Banasiak, General Manager
Water and Sewer	268-4504	David Warren, Director of Water and Sewer

—— FINANCIAL SECTION ——

Epic Center • 301 N. Main, Suite 1700
Wichita, Kansas 67202-4868
(316) 267-7231 • FAX (316) 267-0339

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Wichita, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, Water and Sewer

Section, Schedule of Expenditures of Federal Awards required by OMB *Circular A-133*, and Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, Water and Sewer Section, Schedule of Expenditures of Federal Awards, and Schedule of Passenger Facility Charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information in the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on such information.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

March 25, 2005
Wichita, Kansas

The following discussion and analysis of the City of Wichita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2004. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Wichita's financial statements, which follow this section.

Financial Highlights

- ⇒ The City's net assets increased \$89.7 million during the fiscal year ending 2004.
- ⇒ The cost of governmental activity was \$324.7 million. The amount paid by taxpayers through property taxes and sales tax was \$127.3 million or 39 percent.
- ⇒ The General Fund, on a current financial resource basis, reported \$2.2 million in revenue and other financing resources in excess of expenditures and other uses.
- ⇒ The City maintains a positive bond rating and a progressive capital improvement program.

Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four major sections: introductory, financial, statistical, and single audit. The financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. Supplementary information, provided in addition to the basic financial statements, is located in the sections titled Additional Information, Statistical Section and Water and Sewer Section which provides specific information for water and sewer revenue bond holders.

The City presents two kinds of statements, each providing a different snapshot of the City's finances. The reporting focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements are prepared using accounting methods similar to those used by private-sector companies. The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

The *statement of activities* reports how the government's net assets changed during the most recent fiscal year. All changes in net assets (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities), and from the City's component unit, the Wichita Public Building Commission. Governmental activities of the City include public safety, culture and recreation, public works, environmental health, housing and highways and streets. Business-type activities include the City's water, sewer, airport and transportation activities.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wichita, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All of the funds of the City of Wichita can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City's programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-18 and A-22. Primary differences are the impact of accounting for capital assets and their long term financing.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds considered to be major funds. Information on the other 22 governmental funds is combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental funds is provided in the form of combining statements found beginning on page B-1.

The City of Wichita adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-23 to demonstrate compliance with the appropriated budget. A more detailed budgetary statement is also provided beginning on page B-16 with the supplementary budgetary governmental fund statements.

- *Proprietary funds* account for services for which the City charges customers a fee and include both enterprise and internal services funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. Enterprise funds account for Water and Sewer, Airport, Golf, Storm Water, and Transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal Service funds account for the City's fleet, technology, office supplies, and self-insurance programs. Because internal services primarily benefit governmental rather than business-type functions, the assets and activities of the internal service funds have predominately been included with governmental activities in the government-wide financial statements.

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Airport funds all of which are considered to be major funds of the City. The nonmajor funds are consolidated into an aggregated presentation on the proprietary fund financial statements, as are the internal service funds. Individual fund data for proprietary funds (enterprise and internal service funds) can be found on pages C-1 through D-13 of this report.

- *Fiduciary funds* report on activities for which the City is the trustee, or fiduciary, and like proprietary funds, present information based on the full accrual basis of accounting. Fiduciary funds include the employees' pension plans and other funds that – because of a trust arrangement – can be used only for the specified purpose. The City is responsible for ensuring that the assets reported in fiduciary funds be used for the intended purposes only. Activities conducted in a fiduciary capacity are excluded from the City's government-wide financial statements because the City is prohibited from using fiduciary assets to finance its operations.
- *Notes to the financial statements* provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.

- *Other information* – In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The required supplementary information follows the notes to the financial statements, with additional in the sections titled Additional Information, Statistical Section and the Single Audit Section.
- *The Water and Sewer Section* provides for the specific informational needs of the Water and Sewer Revenue Bondholders.

FINANCIAL ANALYSIS OF CITY AS A WHOLE

Net assets of the Primary Government. In accordance with GASB Statement No. 34, the City is presenting comparative government-wide information for the prior period for the primary government and its component unit.

Net Assets – Primary Government
As of December 31, 2004
(with comparative totals for December 31, 2003)
(in millions of dollars)

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 540.0	\$ 447.8	\$ 166.7	\$ 196.7	\$ 706.7	\$ 644.5
Capital assets	850.2	805.3	881.6	843.6	1,731.8	1,648.9
Total assets	1,390.2	1,253.1	1,048.3	1,040.3	2,438.5	2,293.4
Long-term liabilities	437.1	372.0	319.5	338.5	756.6	710.5
Other liabilities	230.3	222.2	26.9	25.8	257.2	248.0
Total liabilities	667.4	594.2	346.4	364.3	1,013.8	958.5
Net assets:						
Capital assets, net of debt	370.2	414.2	625.3	574.7	995.5	988.9
Restricted	338.0	229.7	51.0	75.1	389.0	304.8
Unrestricted	14.6	15.0	25.6	26.2	40.2	41.2
Total net assets	\$ 722.8	\$ 658.9	\$ 701.9	\$ 676.0	\$ 1,424.7	\$ 1,334.9

Table 1 continued on next page

The net assets of the primary government increased \$89.8 million during the fiscal year ending 2004. Approximately 70 percent of the City's net assets reflect investment in capital assets (e.g. land, buildings, improvements, equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently the capital assets are not available for future spending. An additional portion of these assets (27 percent) represents resources that are subject to external restrictions on how they may be spent. The unrestricted portion of the net assets is \$40.2 million (3 percent).

The unrestricted portion of the Business-type assets is \$25.6 million. The net assets (restricted and unrestricted) cannot be used to make up for any net asset deficit in governmental activities (current or projected). The City can only use these net assets to finance the continuing operations of the Water, Sewer, Airport, Golf, Storm Water, and Transit activities.

The City's total revenues (including capital and operating grants) totaled \$517.8 million in 2004, \$61.0 million more than in 2003. Operating grants remained relatively flat providing 10 percent of total revenue, while capital grants increased \$42.5 million dollars and provided 29 percent of the total revenue. Grants funding major highway projects increased \$38.3 million providing the majority of increase in capital grants. Notable increases in capital grants were recorded in the Airport Fund, resulting from increased air traffic and the passenger facility charge.

Table 1 (continued)
Net Assets – Wichita Public Building Commission
As of December 31, 2004
(with comparative totals for December 31, 2003)
(in millions of dollars)

	2004	2003
Current and other assets	\$ 34.8	\$ 36.4
Capital assets	-	-
Total assets	34.8	36.4
Long-term liabilities	29.5	32.1
Other liabilities	5.3	4.3
Total liabilities	34.8	36.4
Net assets:		
Capital assets, net of debt	-	-
Restricted	-	-
Unrestricted	-	-
Total net assets	\$ -	\$ -

The \$25.9 million increase in net assets in business-type activities is, at the Airport, largely derived from capital grants and improvements funded from passenger facility charges, while the increase in net assets in the Water and Sewer Utilities is largely derived from special assessment revenue on improvements.

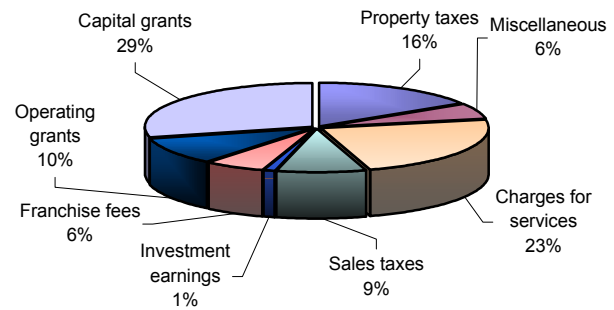
Operating grants and charges for services (fee based) funded 40 percent of the governmental and business-type activities in 2004, a decrease from 42 percent in 2003 and 50 percent in 2002. Property and sales tax contribute 25 percent of the revenue and the remaining portion is generated from investment earnings, franchise fees, or miscellaneous income.

The City's expenses totaled \$428.5 million. Consistent with 2003, the combined expenses of the business-type activities represent 24 percent of the total expenses. Water expenses are approximately eight percent of total expenditures, while Sewer and Airport expenses each represent approximately 6 percent of total City expenses.

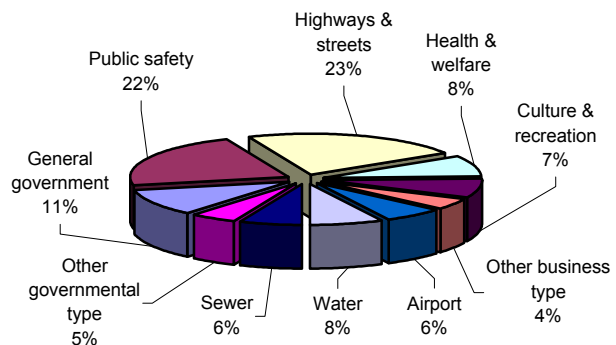
Traditionally public safety represents the largest expenses of the governmental activities. In fiscal year 2003 and 2004 major street and highway projects caused street and highway expenses to reach 23 percent of total expenses, surpassing public safety at 22 percent. Health and welfare, largely funded through operating grants, represents eight percent of total expenses with culture and recreation at seven percent. General government represents 11 percent of total expenses, up from eight percent in 2003 driven largely by the disposal of remnant properties resulting from the major street and highway projects.

Governmental Activities. Major sources of revenue for the governmental activities are charges for services, taxes, and operating or capital grants. Operating and capital grants include revenues dedicated for special assessment projects, curb-to-curb maintenance (gas tax) as well as health and welfare projects. Table 2 provides a tabular comparison between the revenues and expenses of fiscal years 2003 and 2004. Both revenues and expenses in fiscal 2004 increased over those in 2003, primarily resulting from growth in property and sales tax revenue and intergovernmental capital grants for streets and highways. The amount paid by taxpayers through City sales and property taxes totaled \$127.3 million or 39 percent compared to 38 percent in 2003 and

Primary Government Revenue
2004



Primary Government Expenses
2004



44 percent in 2002. Notably general revenues have increased in 2004, primarily with growth in property values of the City and increased collection of sales tax.

Business-type Activities. The Water and Sewer Utilities are the largest business-type activity funds of the City of Wichita. Capital improvements have required significant outlays putting increased pressure on rates. Water and Sewer rates increased three percent in each of the last four years with an additional 4 percent water increase in 2004 for taste and odor treatment specifically. Water rates did not increase in 2005, however a three percent increase in sewer rates was implemented for 2005. Currently the City has a water supply plan in place to support growth and development through 2050.

The Airport Fund accounts for activities of Mid-Continent, a commercial service airport and Jabara, a general aviation reliever airport. Fourteen carriers serve Mid-Continent Airport. AirTran Airways continues as the City's eastbound low-cost carrier, while Allegiant Air provides low-cost services directly to Las Vegas. The City has identified the need for a westbound low-cost carrier.

In 2003, Mid-Continent Airport was recognized as one of the fastest growing airports in the nation, with a record number of passengers using the airport. The increased passenger load was sustained in 2004, accomplished through subsidies to low-fare carriers and through community programs committing support to the low-fare carriers. Travelers are benefiting from continued service improvements and amenities at the Airport such as remodeling in the terminal, concourses and gate areas, an improved flight/baggage information display system, and wireless access to the Internet. Additional acreage was acquired to improve entrance to airport, provide additional runway protection, as well as provide for future development of both Mid-Continent and Jabara Airports.

Transit operations are funded from fares, General Fund subsidies and state and federal grants. Federal and state funding has remained relatively stable for public transportation. The Transit fleet is relatively new with 75 percent of the buses replaced since 2001. Transit operates a fleet of para-transit vans, replaced on a rotating basis with federal and state grant funds. A new transit operations center was placed in service in 1999, with computerized scheduling for paratransit service implemented in 2002, and electronic fareboxes in 2003. The Transit operation remains well positioned for the future with their recent capital investments.

The City operates five golf courses with an estimated 200,000 rounds of golf played annually. The City's newest golf course, Auburn Hills, has been in operation for three years and is ranked as one of the top ten public courses in Kansas. Operational restructuring has been implemented at several of the courses to maintain a quality attraction with a fee structure that encourages golfing as a leisure activity. Overall, golf play has been down, and with the restructuring investment, the finances of the golf course system have been stressed. To spur play, the City has initiated promotional activities and continues to groom young golfers through a junior golf program.

The Storm Water Utility is funded from fees paid by property owners and in past years, has been subsidized by the General Fund. The subsidies are on phase-out schedule, with 2005 being the final year of subsidy. Currently the utility operates and maintains six pump stations to move excess surface water from heavy rains. Additional pump stations will be added in conjunction with new development and redevelopment projects as needed. The utility maintains existing drainage systems, investigates drainage problems, is responsible for the design and construction of drainage projects, and monitors construction sites to ensure compliance with the Storm Water Pollution Prevention Ordinance.

ANALYSIS OF THE GOVERNMENT'S FUNDS

The governmental funds reported a combined fund balance at year-end of \$160.5 million, an increase of \$63.3 million in 2004. The most notable increase was in the Debt Service Fund, which is reporting \$45.5 million in cash with a fiscal agent for a crossover bond issue, sold in 2004. Payments to defease the bonds will begin in 2005. As a result

of bonds sold in 2004, temporary local sales tax funding has been returned to the Local Sales Tax Capital Project Fund to be applied to current projects, raising the current fund balance \$15.5 million above last year.

Projects financed through the capital projects funds is the continuing expansion of Kellogg – the primary east/west connector through the City, the relocation to the Old Town District of CityArts, a City gallery and teaching facility for the arts, and has begun construction on the WaterWalk shopping and entertainment development on the Arkansas River bank, the results of a private/public partnership. Numerous other economic development projects are ongoing through both public and private/public partnerships, including the Kansas Sports Hall of Fame (in progress) and the streetscape refurbishment of the historic Delano district.

City of Wichita
Changes in Net Assets
As of December 31, 2004
(with comparative totals for December 31, 2003)
(in millions of dollars)

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	\$ 30.9	\$ 30.9	\$ 88.3	\$ 83.3	\$ 119.2	\$ 114.2
Operating grants and contributions	48.9	50.7	3.1	3.1	52.0	53.8
Capital grants and contributions	116.4	78.1	31.9	27.6	148.3	105.7
General revenues						
Property taxes	82.6	75.3	-	-	82.6	75.3
Sales taxes	44.7	39.7	-	-	44.7	39.7
Franchise fees	29.5	29.3	-	-	29.5	29.3
Other taxes	16.7	15.5	-	-	16.7	15.5
Investment earnings	5.7	5.5	5.6	6.3	11.3	11.8
Miscellaneous	13.3	11.4	0.2	0.1	13.5	11.5
Total revenues	<u>388.7</u>	<u>336.4</u>	<u>129.1</u>	<u>120.4</u>	<u>517.8</u>	<u>456.8</u>
Expenses						
General government	45.1	30.9	-	-	45.1	30.9
Public safety	94.0	88.4	-	-	94.0	88.4
Highways and streets	96.8	94.3	-	-	96.8	94.3
Sanitation	1.7	4.9	-	-	1.7	4.9
Health and welfare	35.9	38.8	-	-	35.9	38.8
Culture and recreation	32.1	29.2	-	-	32.1	29.2
Interest on long-term debt	19.1	16.0	-	-	19.1	16.0
Water	-	-	32.3	29.7	32.3	29.7
Sewer	-	-	27.0	26.1	27.0	26.1
Storm Water	-	-	4.0	4.2	4.0	4.2
Golf	-	-	4.4	4.0	4.4	4.0
Airport	-	-	25.3	24.6	25.3	24.6
Transit	-	-	10.8	10.0	10.8	10.0
Total expenses	<u>324.7</u>	<u>302.5</u>	<u>103.8</u>	<u>98.6</u>	<u>428.5</u>	<u>401.1</u>
Excess before prior period adjustments and transfers	64.0	33.9	25.3	21.8	89.3	55.7
Prior period adjustment	0.4	-	-	-	0.4	-
Transfers	(0.6)	(2.3)	0.6	2.3	-	-
Increase in net assets	<u>\$ 63.8</u>	<u>\$ 31.6</u>	<u>\$ 25.9</u>	<u>\$ 24.1</u>	<u>\$ 89.7</u>	<u>\$ 55.7</u>

The General Fund is the major operating and taxing fund for the City of Wichita. At the close of 2004, the unreserved fund balance of the General Fund was \$22.0 million compared to \$20.7 million at the close of 2003. The designated portion, \$12.9 million, is for operating contingencies in the upcoming year.

Highlights of major revenue sources in the General Fund are:

- Property taxes increased \$4.9 million as a result of increased property valuations. The City has held a long standing policy of maintaining a flat mill levy, currently at 31.8 mills.
- The City's portion of the local sales tax increased by \$2.5 million. The increase is attributed to a broadened base for compensating use tax and a strengthening of the general economic condition in the area. The sales tax revenue is also impacted by the distribution formula which increases the distribution to municipalities that also increase their mill levy.
- Franchise fees declined in 2002 due to a reduction in electric rates and the growth in wireless technology which reduced the need to run land lines through City rights-of-ways, thus, reducing franchise fees. While the growth in wireless technology continues, higher natural gas prices resulted in a one percent overall growth in franchise fees compared to 2003.
- Intergovernmental revenue remains flat and absent state demand transfers which ceased in late 2002. The impact in the first full year (2003) without demand transfers was a reduction in intergovernmental revenue of \$5.0 million, from \$20.9 million in 2002 to \$15.9 million in 2003 and \$16.5 million in 2004.
- Market conditions continue to generate minimal interest earnings. Earnings on investments of \$3.2 million in 2003, compared to \$2.9 million in 2002.

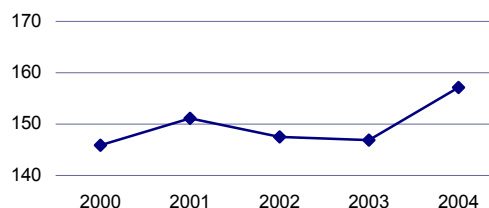
General Fund expenses, excluding transfers, totaled \$151.1 million, \$10.4 million above 2003. On a budgetary basis, General Fund expenditures were \$9.9 million below the original budget. Due to the suspension of demand transfers from the state and a stalled economy, since 2002 and continuing into 2004, the City has carefully evaluated expenses, deferring expenditures where possible in response to the revenue shortfall. As a result, the General Fund maintained a strong cash position, continued essential services and in 2004, funded numerous economic development initiatives and restored funding to areas of service in critical need. Subsidies to other funds for services and transfers for discretionary programs continue to be re-evaluated and re-prioritized.

The Debt Service Fund carried a fund balance of \$65.9 million at year end, up from \$26.3 million in 2003. All of the fund balance is reserved for the payment of debt service, with \$45.5 million in escrow dedicated to defeasement of debt in a crossover refunding bond sale in 2004. The target fund balance for the Debt Service Fund is \$3 million. Funds in excess of this target will be incorporated into the 2005-2014 Capital Improvement Program (CIP) for use in expanding the first two years of the program.

General Fund Budgetary Highlights. Actual revenue and other financing sources exceeded the expectations of the original budget, however did not fully achieve the expectations of the final budget. Revenue from the local sales tax was the most significant category of revenue that performed higher than projected at 4.4 percent above the final budget. The increased sales tax revenue was due in part to a broadened base for the Kansas compensating use tax, with the balance resulting from a recovering economy. Fiscal 2004 closed with revenue (including transfer revenue) exceeding expenditures and transfers-out by \$1.2 million on a budgetary basis.

The City continued its long-standing policy to maintain a stable mill levy. Growth in however contributed an additional \$4.1 million in property tax to the General Fund in 2004 with almost \$900,000 in delinquent property tax collections above 2003. Sales tax revenue increased by \$2.5 million and one-time closures of capital projects reimbursed the General Fund for

**General Fund Revenue
(budgetary basis transfers excluded)
for fiscal years 2000 through 2004**

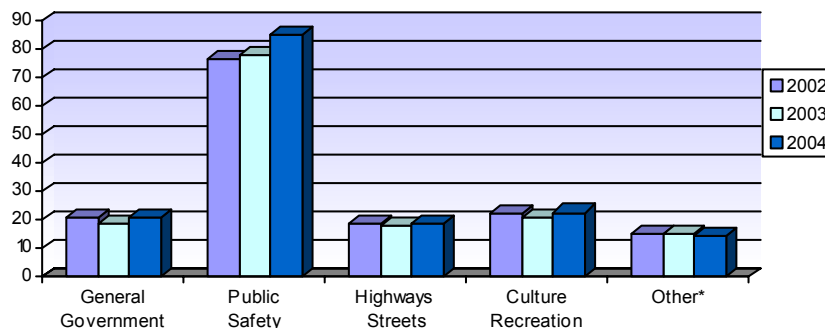


\$1.8 million. General Fund revenue and transfers increased by \$12.2 million over 2003, a significant change in the revenue trend.

The growth in revenue provided the City with the ability to address needs in all service areas, with public safety absorbing the greatest portion of the revenue increase. The additional 2004 General Fund revenue enabled the City

to enhance economic development spending as well as culture and recreation services.

**General Fund Expenditures - Budgetary Basis
for Fiscal Years 2002, 2003 and 2004
(in millions)**



* Other expenditures include Health & Welfare, Sanitation and transfers to other funds.

Annually, the adopted budget is revised internally as approved by Council. Customarily, the revised budget does not increase as the City seeks cost savings and opportunities for improvements across the City. Fiscal year 2004 was an exception as the City Council broke from tradition to utilize appropriated reserves to enhance programs and services and to provide economic development incentives.

Capital Assets. At the end of 2004, the City of Wichita had invested \$1.7 billion (net of depreciation) in a broad range of capital assets, including water and sewer facilities, police and fire equipment, buildings, parks, airfields, roads, bridges, and land (Table 3). Capital assets, net of depreciation, increased \$82.8 million during 2004 with 54 percent of the increase in governmental activities. Land and construction in progress in governmental activities increased \$14.4 million, continuing with land acquisitions for the expansion of Kellogg and the accompanying Kellogg extension projects. Increases to governmental assets that are being depreciated totaled \$30.4 million.

Capital assets in business-type activities increased \$37.9 million in 2004. Land and construction in progress represent 15.7 percent of total business-type assets and are predominantly in the Airport and Water and Sewer Utilities. Depreciable assets placed into service, net of depreciation, are \$55.0 million of which 97 percent are attributable to the system expansion and improvements in the Water and Sewer Utilities. Additional information can be found in Note 6 to the Financial Statements.

Major capital asset additions include:

- ❑ Completion of infrastructure improvements (\$9.3 million total) to facilitate a 450,000 square foot Cessna Citation Service Center, which will result in approximately 800 new jobs and bring Cessna Citation owners and their flight crews to Wichita, also boosting tourism.
- ❑ The Old Town Cinema Redevelopment Project was constructed for a cost of \$9.3 million in public funds and over \$15 million in private funds in 2002. The surrounding plaza has also been under development, complemented with the relocation of CityArts in 2004, a City owned and operated art teaching center and gallery (\$2.8 million).
- ❑ Replacement of bleacher seats in Century II, the City's major event facility (\$1.4 million).
- ❑ With federal and state contributions, continued expansion and reconstruction of Kellogg, the City's east-west freeway (\$3.0 million local funds).
- ❑ The City invested in multiple major street projects (\$9.9 million).
- ❑ A storm water pump station was completed to facilitate drainage (\$1.2 million).
- ❑ The fire station relocation project continues to construct a total of ten new stations, relocating eight existing stations for a net addition of two fire stations between 2000 and 2009. Six facilities have been constructed

and the relocation completed for a capital expenditure of \$6.3 million. The relocation project is aimed at minimizing response time and long-term maximization of resources.

Capital Assets Net of Depreciation
As of December 31, 2004
(with comparative totals for December 31, 2003)
(in millions of dollars)

Table 3

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>Percent Change</u>
Land	\$ 219.1	\$ 211.1	\$ 29.3	\$ 26.9	\$ 248.4	\$ 238.0	4.4%
Airfield		-	39.3	43.5	39.3	43.5	(9.7)%
Buildings & improvements	139.4	122.6	658.0	602.5	797.4	725.1	16.2%
Equipment	26.0	24.1	46.0	42.3	72.0	66.4	8.4%
Infrastructure	255.2	243.3		-	255.2	243.3	4.9%
Construction in progress	210.5	204.2	109.0	128.5	319.5	332.72	6.4%
Total	<u>\$ 850.2</u>	<u>\$ 805.3</u>	<u>\$ 881.6</u>	<u>\$ 843.7</u>	<u>\$ 1,731.8</u>	<u>\$ 1,649.0</u>	5.0%

Long-term Debt. The City finances capital projects with general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of the financing tools is general obligation bonds based on the full faith and credit of the City. The City has approximately 10 mills of the total mill levy dedicated to general obligation capital financing. Projects that rely most heavily upon property taxes for repayment of general obligation bonds are arterial streets, bridges, storm water, parks, transit, core area projects, and public buildings. Capital costs are also funded through enterprise, internal service and special revenue funds.

The City adopts a ten year Capital Improvement Program (CIP). Two years are a capital budget for purposes of project initiation and the remaining period is a planning tool. The City of Wichita maintains an "Aa2" rating from Moody's and "AA" from Standard and Poors. The Water and Sewer Utilities maintain a rating of "A1" from Moody's and "AAA" insured.

At year-end the City had \$807.0 million in bonds and \$52.3 million in temporary notes outstanding, illustrated in Table 4. Debt outstanding for the City of Wichita increased by net of \$62.8 million, due to new issues, offset by retirements and refundings. Included in the outstanding debt figures is \$41.7 million for which an escrow account has been established to fully meet debt service requirements and all repayment costs until such time that the specified bonds (general obligation) can be legally defeased.

General Obligation and Revenue Bonds
As of December 31, 2004
(with comparative totals for December 31, 2003)
(in millions of dollars)

Table 4

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Ad valorem property taxes	\$ 75.3	\$ 78.7	\$ -	\$ -	\$ 75.3	\$ 78.7
Special assessments	206.7	160.9	-	-	206.7	160.9
Tax Increment	28.1	18.5	-	-	28.1	18.5
Transient guest tax	10.1	10.5	-	-	10.1	10.5
Local sales tax	122.2	92.7	-	-	122.2	92.7
G.O. and Revenue	-	-	332.5	349.4	332.5	349.4
Wichita Public Building Commission	-	-	32.1	33.5	32.1	33.5
Total	<u>\$ 442.4</u>	<u>\$ 361.3</u>	<u>\$ 364.6</u>	<u>\$ 382.9</u>	<u>\$ 807.0</u>	<u>\$ 744.2</u>

Total new debt was \$149.3 million with total retirements of \$86.5 million. Temporary notes decreased \$21.0 million in 2004 due to the cash funding of projects in lieu of long term financing. More detail is located in the Notes to the Financial Statements, in the Additional Information and in Statistical sections of this report.

Kansas State Statutes limit the amount of general obligation bonds a City can issue to 30 percent of the equalized tangible valuation. The current limitation for the City is \$894.5 million, significantly higher (\$436.3 million) than the general obligation outstanding debt. Additional information can be found in Note 9 to the Financial Statements.

THE ECONOMIC ENVIRONMENT

Some encouraging signs of economic recovery were becoming visible in 2004, however job losses persist in the Wichita area. Housing sales are beginning to slow, reflecting an increase in interest rates and a reduced demand from several years of very strong sales. The City welcomed labor recalls in manufacturing, however demand for manufacturing labor is not projected to reach the levels before 9/11. With the help of economic incentives, the relocation the Wichita-based Koch Industries' Invista business centers to Wichita is projected to provide 200 jobs expected to pay \$100,000 on average. Consumer expectations are encouraging. The Center for Economic Development and Business Research (CEDBR) at Wichita State University is projecting the slow economic recovery to continue in 2005, with only modest improvements.

Total wage and salary employment declined 0.1 percent in 2004 compared to 2003, for a net loss of 375 jobs. During 2004, the number of initial claims filed for unemployment insurance declined 29.9 percent in the Wichita metro area. The unemployment rate is down from 7.1 percent in 2003 to 5.7 percent in 2004, with an average of 16,553 unemployed for the 12-month period ending December 2004. Employment made an upturn in the fourth quarter of 2004 with a net increase in the fourth quarter of 967 jobs compared to the same period last year. The increase followed 10 quarters of employment declines according to the CEDBR.

The State of Kansas has continued its elimination of demand transfers to cities during 2004. The City of Wichita is partnering with other local governments and the private sector to replace jobs lost to international outsourcing, capitalizing on the strengths of the City and region, such as the existing labor market, professional and business services, education, healthcare and tourism. Although many people do not associate tourism with Wichita, an estimated 3.4 million visitors came to the area in 2003 spending approximately \$355.7 million. In 2004, the Women's International Bowling Congress brought an estimated 42,000 bowlers and 150,000 visitors to the City. Spurring economic development and maintaining infrastructure and essential services are all factors considered in preparing the City's budget for 2006 and revising the 2005 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Wichita's finances for individuals with an interest in the City's finances. Additional information is provided within the Notes to the Financial Statements, beginning on page A-36. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 455 North Main, City of Wichita, Kansas, Wichita, KS 67202.

CITY OF WICHITA, KANSAS

STATEMENT OF NET ASSETS

December 31, 2004

	Primary Government			Component Unit
	Governmental	Business-Type		Wichita Public
	Activities	Activities	Total	Building
				Commission
ASSETS				
Cash and cash equivalents	\$ 231,377,814	\$ 17,595,878	\$ 248,973,692	\$ -
Investments	4,986,154	-	4,986,154	-
Receivables (net)	295,547,975	7,969,485	303,517,460	-
Internal balances	1,188,706	(1,188,706)	-	-
Prepaid items	95,783	62,934	158,717	-
Inventories	432,308	1,458,586	1,890,894	-
Due from other agencies	898,351	455,596	1,353,947	-
Notes receivable	5,490,692	-	5,490,692	-
Restricted assets:	-	-	-	-
Cash and cash equivalents	-	62,268,440	62,268,440	-
Investments	-	-	-	1,851,798
Receivables	-	332,993	332,993	419,639
Net investment in direct financing leases	-	74,166,153	74,166,153	32,493,812
Other assets	-	3,601,661	3,601,661	-
Capital assets:				
Land and construction in progress	429,660,328	138,326,543	567,986,871	-
Other capital assets, net of depreciation	420,502,245	743,273,170	1,163,775,415	-
Total capital assets	850,162,573	881,599,713	1,731,762,286	-
Total assets	1,390,180,356	1,048,322,733	2,438,503,089	34,765,249
LIABILITIES				
Accounts payable and other current liabilities	12,068,218	1,560,042	13,628,260	-
Accrued interest payable	4,537,736	342,655	4,880,391	419,639
Temporary notes payable	28,539,500	600,500	29,140,000	-
Deposits	1,867,766	1,905,667	3,773,433	-
Deferred revenue	85,654,446	-	85,654,446	-
Due to other agencies	333,295	-	333,295	1,851,798
Noncurrent liabilities, including claims payable:				
Due within one year	97,263,304	22,560,942	119,824,246	2,560,000
Due in more than one year	437,127,508	319,444,327	756,571,835	29,515,000
Other liabilities	-	-	-	418,812
Total liabilities	667,391,773	346,414,133	1,013,805,906	34,765,249
NET ASSETS				
Invested in capital assets, net of related debt	370,193,447	625,331,074	995,524,521	-
Restricted for:				
Capital projects	40,740,830	7,559,591	48,300,421	-
Highways and streets	12,826,909	-	12,826,909	-
Debt service	266,104,730	2,840,144	268,944,874	-
Revenue bond reserves	-	40,612,961	40,612,961	-
Perpetual care	827,525	-	827,525	-
Other purposes	17,452,021	-	17,452,021	-
Unrestricted	14,643,121	25,564,830	40,207,951	-
Total net assets	\$ 722,788,583	\$ 701,908,600	\$ 1,424,697,183	\$ -

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

STATEMENT OF ACTIVITIES

For the year ended December 31, 2004

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 45,118,573	\$ 14,084,962	\$ 2,040,592	\$ -
Public safety	94,029,007	4,812,876	1,413,249	-
Highways and streets	96,767,242	4,460,756	15,561,878	116,376,657
Sanitation	1,650,207	788,264	-	-
Health and welfare	35,913,560	1,456,314	26,571,981	-
Culture and recreation	32,102,018	5,311,111	3,274,028	-
Interest on long-term debt	19,104,100	-	-	-
Total governmental activities	<u>324,684,707</u>	<u>30,914,283</u>	<u>48,861,728</u>	<u>116,376,657</u>
Business-type activities:				
Water	32,290,472	33,460,884	-	7,496,720
Sewer	26,984,451	25,880,494	-	9,157,697
Storm Water	4,029,793	5,513,078	-	3,640,476
Golf Course System	4,357,324	3,551,453	-	-
Airport	25,354,547	18,279,638	-	10,985,138
Transit	10,809,543	1,633,132	3,155,956	570,421
Total business-type activities	<u>103,826,130</u>	<u>88,318,679</u>	<u>3,155,956</u>	<u>31,850,452</u>
Total primary government	<u>\$ 428,510,837</u>	<u>\$ 119,232,962</u>	<u>\$ 52,017,684</u>	<u>\$ 148,227,109</u>
Component unit:				
Wichita Public Building Commission	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property taxes

Sales taxes

Franchise fees

Other taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues, special items and transfers

Change in net assets

Net assets, beginning of year as previously reported

Prior period adjustment

Net assets, beginning of year as restated

Net assets, end of year

The accompanying notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Wichita Public Building Commission
\$ (28,993,019)	\$ -	\$ (28,993,019)	\$ -
(87,802,882)	-	(87,802,882)	-
39,632,049	-	39,632,049	-
(861,943)	-	(861,943)	-
(7,885,265)	-	(7,885,265)	-
(23,516,879)	-	(23,516,879)	-
(19,104,100)	-	(19,104,100)	-
<u>(128,532,039)</u>	<u>-</u>	<u>(128,532,039)</u>	<u>-</u>
-	8,667,132	8,667,132	-
-	8,053,740	8,053,740	-
-	5,123,761	5,123,761	-
-	(805,871)	(805,871)	-
-	3,910,229	3,910,229	-
-	(5,450,034)	(5,450,034)	-
<u>-</u>	<u>19,498,957</u>	<u>19,498,957</u>	<u>-</u>
<u>(128,532,039)</u>	<u>19,498,957</u>	<u>(109,033,082)</u>	<u>-</u>
-	-	-	-
82,600,170	-	82,600,170	-
44,738,968	-	44,738,968	-
29,555,657	-	29,555,657	-
16,688,432	-	16,688,432	-
5,668,160	5,614,878	11,283,038	-
13,310,712	188,650	13,499,362	-
(606,911)	606,911	-	-
<u>191,955,188</u>	<u>6,410,439</u>	<u>198,365,627</u>	<u>-</u>
63,423,149	25,909,396	89,332,545	-
658,971,260	675,999,204	1,334,970,464	-
394,174	-	394,174	-
<u>659,365,434</u>	<u>675,999,204</u>	<u>1,335,364,638</u>	<u>-</u>
<u>\$ 722,788,583</u>	<u>\$ 701,908,600</u>	<u>\$ 1,424,697,183</u>	<u>\$ -</u>

CITY OF WICHITA, KANSAS

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2004

	General Fund	Federal/State Assistance Fund	Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 32,639,107	\$ 4,244,939	\$ 20,507,080
Cash with fiscal agent	-	-	45,450,885
Investments	-	4,490,617	-
Receivables, net:			
Property taxes	53,894,490	-	24,831,910
Due from other agencies	-	469,851	-
Special assessments	-	-	206,720,000
Accounts	571,235	4,014,855	-
Interest	-	20,264	-
Due from other funds	25,000	420,869	529,944
Prepaid items	-	81,512	-
Notes receivable	-	2,010,692	-
Inventories	-	61,358	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 87,129,832</u>	<u>\$ 15,814,957</u>	<u>\$ 298,039,819</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other liabilities	\$ 5,869,386	\$ 516,405	\$ -
Accrued interest payable	-	-	-
Temporary notes payable	-	-	-
Deposits	1,646,160	134,013	-
Due to other agencies	-	333,295	-
Due to other funds	-	420,869	-
Deferred revenue	53,939,645	5,607,892	232,081,854
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>61,455,191</u>	<u>7,012,474</u>	<u>232,081,854</u>
Fund balances (deficits):			
Reserved for:			
Inventories	-	61,358	-
Encumbrances	3,674,971	1,577,784	-
Prepaid items	-	81,512	-
Unreserved:			
Designated	12,979,625	-	20,507,080
Designated, crossover refunded bonds	-	-	45,450,885
Undesignated	9,020,045	7,081,829	-
Undesignated, reported in Special Revenue Funds	-	-	-
Undesignated, reported in Capital Projects Funds	-	-	-
Undesignated, reported in Permanent Fund	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	<u>25,674,641</u>	<u>8,802,483</u>	<u>65,957,965</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 87,129,832</u>	<u>\$ 15,814,957</u>	<u>\$ 298,039,819</u>

The accompanying notes to the financial statements are an integral part of this statement.

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 87,665,763	\$ 145,056,889
-	-	45,450,885
-	251,446	4,742,063
-	-	78,726,400
-	428,500	898,351
-	-	206,720,000
3,784,487	1,599,971	9,970,548
-	2,792	23,056
-	14,646,880	15,622,693
-	-	81,512
-	3,480,000	5,490,692
-	-	61,358
<u>\$ 3,784,487</u>	<u>\$ 108,075,352</u>	<u>\$ 512,844,447</u>

\$ 2,090,954	\$ 1,365,646	\$ 9,842,391
89,975	128,305	218,280
10,780,000	17,759,500	28,539,500
-	87,593	1,867,766
-	-	333,295
3,410,154	14,761,726	18,592,749
-	1,275,000	292,904,391
<u>16,371,083</u>	<u>35,377,770</u>	<u>352,298,372</u>

-	-	61,358
44,624,888	11,616,331	61,493,974
-	-	81,512
-	-	33,486,705
-	-	45,450,885
-	-	16,101,874
-	52,386,368	52,386,368
(57,211,484)	7,867,358	(49,344,126)
-	827,525	827,525
<u>(12,586,596)</u>	<u>72,697,582</u>	<u>160,546,075</u>
<u>\$ 3,784,487</u>	<u>\$ 108,075,352</u>	<u>\$ 512,844,447</u>

City of Wichita, Kansas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2004

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance -- governmental funds		\$ 160,546,075
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	1,047,692,631	
Accumulated Depreciation	<u>(207,710,201)</u>	839,982,430
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
General Obligation Bonds Payable	235,665,692	
Special Assessment Bonds Payable	206,720,000	
Premium on Bonds Payable	9,104,004	
Deferred Refunding on Bonds Payable	(210,571)	
Accrued Interest Payable on the Bonds	4,319,456	
Section 108 Loan	5,530,000	
Bond anticipation notes	23,160,000	
Accreted interest	2,783,720	
Compensated Absences	7,326,326	
Liability for landfill closure and postclosure costs	<u>24,902,424</u>	(519,301,051)
The amount due from other funds is not considered available to liquidate liabilities of the current period, and therefore is deferred in the funds. However it is properly recognized as revenue in the entity-wide statements.		529,944
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the related improvement has been completed.		206,720,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		<u>34,311,185</u>
Total net assets -- governmental activities		<u><u>\$ 722,788,583</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

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CITY OF WICHITA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended December 31, 2004

	General Fund	Federal/State Assistance Fund	Debt Service Fund
REVENUES			
Taxes	\$ 60,546,778	\$ -	\$ 28,297,940
Special assessments	8,173	-	25,216,017
Franchise fees	29,555,657	-	-
Local sales tax	22,369,484	-	-
Intergovernmental	16,468,762	31,106,365	-
Licenses and permits	1,958,895	-	-
Fines and penalties	7,933,219	-	-
Rentals	2,258,046	-	-
Interest earnings	3,291,244	155,216	973,795
Charges for services and sales	7,292,035	-	-
Other	5,103,806	3,315,175	615,561
Total revenues	<u>156,786,099</u>	<u>34,576,756</u>	<u>55,103,313</u>
EXPENDITURES			
Current:			
General government	20,923,886	1,582,856	-
Public safety	84,110,530	873,904	-
Highways and streets	18,072,498	723,309	-
Sanitation	2,189,228	-	-
Health and welfare	3,370,532	27,794,497	-
Culture and recreation	22,468,535	622,218	-
Debt service:			
Principal retirement	-	-	38,775,487
Interest and fiscal charges	-	-	17,583,978
Capital outlay	-	-	-
Total expenditures	<u>151,135,209</u>	<u>31,596,784</u>	<u>56,359,465</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,650,890</u>	<u>2,979,972</u>	<u>(1,256,152)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of long-term capital debt	-	-	-
Issuance of refunding bonds	-	-	71,980,000
Premiums on bonds sold	-	-	5,531,613
Payments on refunded bonds	-	-	(30,250,000)
Discounts on refunded bonds	-	-	(224,938)
Transfers from other funds	5,289,223	20,000	17,041,300
Transfers to other funds	(8,717,480)	-	(23,149,969)
Total other financing sources (uses)	<u>(3,428,257)</u>	<u>20,000</u>	<u>40,928,006</u>
Net change in fund balances	2,222,633	2,999,972	39,671,854
Fund balances - beginning	<u>23,452,008</u>	<u>5,802,511</u>	<u>26,286,111</u>
Prior period adjustment	-	-	-
Fund balances - ending	<u>\$ 25,674,641</u>	<u>\$ 8,802,483</u>	<u>\$ 65,957,965</u>

The accompanying notes to the financial statements are an integral part of this statement.

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 10,443,841	\$ 99,288,559
342,667	804,205	26,371,062
-	-	29,555,657
-	22,369,484	44,738,968
43,898,600	4,604,486	96,078,213
-	4,110,286	6,069,181
-	-	7,933,219
-	1,803,358	4,061,404
181,965	793,555	5,395,775
-	3,122,019	10,414,054
1,982,621	7,036,170	18,053,333
<u>46,405,853</u>	<u>55,087,404</u>	<u>347,959,425</u>
-	7,328,856	29,835,598
-	6,591,154	91,575,588
-	-	18,795,807
-	1,403,195	3,592,423
-	3,576,333	34,741,362
-	4,792,363	27,883,116
8,093,370	14,875,582	61,744,439
394,547	362,874	18,341,399
<u>104,516,893</u>	<u>42,050,988</u>	<u>146,567,881</u>
<u>113,004,810</u>	<u>80,981,345</u>	<u>433,077,613</u>
<u>(66,598,957)</u>	<u>(25,893,941)</u>	<u>(85,118,188)</u>
59,943,179	40,523,083	100,466,262
-	-	71,980,000
-	-	5,531,613
-	-	(30,250,000)
-	-	(224,938)
6,297,374	42,784,592	71,432,489
<u>(10,107,882)</u>	<u>(28,965,950)</u>	<u>(70,941,281)</u>
<u>56,132,671</u>	<u>54,341,725</u>	<u>147,994,145</u>
(10,466,286)	28,447,784	62,875,957
<u>(2,120,310)</u>	<u>43,855,624</u>	<u>97,275,944</u>
-	394,174	394,174
<u>\$ (12,586,596)</u>	<u>\$ 72,697,582</u>	<u>\$ 160,546,075</u>

City of Wichita, Kansas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances -- total governmental funds		\$ 62,875,957
Governmental funds report capital asset acquisition as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset acquisitions exceeded depreciation in the current period.		
Depreciation expense	(17,158,232)	
Capital asset acquisition	<u>75,942,675</u>	58,784,443
In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of capital assets sold.		(13,039,058)
In the statement of activities, transfers of capital assets from governmental activities to business type activities are reported as transfers, whereas in the governmental funds, there is no event to report as there was no outward flow of current financial resources.		(615,021)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.		(172,435,000)
Bond premium proceeds provide current financial resources to governmental funds, but premiums on sales do not increase long-term liabilities in the statement of net assets.		(5,531,613)
Deferred bond refunding costs reduce current financial resources to governmental funds, but refunding discounts do not decrease long-term liabilities in the statement of net assets		213,450
The amortization of bond premiums decrease the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds.		400,027
The amortization of refunding costs increases the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds.		(2,879)
Proceeds from HUD Section 108 loan provide current financial resources to governmental funds but incurring debt increases long-term liabilities in the statement of net assets.		(3,000,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
	35,205,542	
	33,085,000	
	22,968,952	
	<u>205,000</u>	91,464,494
Debt service payments on behalf of proprietary funds are recorded as expenditures in governmental funds and interfund loans on the statement of net assets.		529,944
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due.		(424,254)
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). The compensated absences earned that exceed benefits paid is shown as an expense on the statement of activities.		(287,789)
Internal service funds are used to charge the costs of certain activities, such as insurance, to the individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(3,185,370)
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the related improvement has been completed.		45,855,000
In the statement of activities, costs estimated to be incurred for closure and post-closure care of the landfill are recorded as incurred. In the governmental funds, however, expenditures are measured by the amount of financial resources used (or paid). The change in estimated costs incurred in excess of the amounts paid is shown as an expense on the statement of activities		2,147,776
In the statement of activities, interest is accreted on outstanding bonds, whereas in governmental funds, interest accreted when interest payments are due.		(326,958)
Change in net assets of governmental activities		<u>\$ 63,423,149</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 59,148,700	\$ 59,775,170	\$ 60,546,778	\$ 771,608
Special assessments	21,350	21,350	8,173	(13,177)
Franchise fees	29,840,690	30,354,610	29,555,657	(798,953)
Local sales tax	20,885,570	21,430,000	22,369,484	939,484
Intergovernmental	16,315,740	16,297,420	16,468,762	171,342
Licenses and permits	2,412,170	2,297,910	1,958,895	(339,015)
Fines and penalties	9,476,760	8,826,940	7,933,219	(893,721)
Rentals	2,463,070	2,502,140	2,258,046	(244,094)
Interest earnings	2,746,910	2,930,520	3,291,244	360,724
Charges for services and sales	7,502,190	8,330,140	7,292,035	(1,038,105)
Other	3,905,340	6,277,180	5,382,073	(895,107)
Revised budget adjustment	-	(4,369,910)	-	4,369,910
Total revenues	154,718,490	154,673,470	157,064,366	2,390,896
EXPENDITURES				
Current:				
General government	31,137,472	26,059,402	20,629,427	5,429,975
Public safety	84,238,260	85,965,050	84,809,323	1,155,727
Highways and streets	19,206,410	19,907,430	18,922,749	984,681
Sanitation	2,301,890	2,323,870	2,210,282	113,588
Health and welfare	3,516,560	3,534,620	3,381,196	153,424
Culture and recreation	21,934,380	22,892,302	22,452,529	439,773
Total expenditures	162,334,972	160,682,674	152,405,506	8,277,168
Excess (deficiency) of revenues over (under) expenditures	(7,616,482)	(6,009,204)	4,658,860	10,668,064
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	5,370,980	5,416,000	5,289,223	(126,777)
Transfers to other funds	(8,196,500)	(9,848,798)	(8,717,480)	1,131,318
Total other financing sources (uses)	(2,825,520)	(4,432,798)	(3,428,257)	1,004,541
Net change in fund balances	(10,442,002)	(10,442,002)	1,230,603	11,672,605
Fund balance - beginning	18,968,575	20,769,068	20,769,068	-
Fund balance - ending	\$ 8,526,573	\$ 10,327,066	\$ 21,999,671	\$ 11,672,605

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

BALANCE SHEET PROPRIETARY FUNDS December 31, 2004

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
ASSETS			
Current assets:			
Cash and temporary investments	\$ 4,141,174	\$ 2,869,996	\$ 6,617,730
Investments	-	-	-
Receivables, net	5,796,479	906,175	1,092,233
Due from other funds	-	-	-
Due from other agencies	-	-	-
Inventories	1,127,246	-	-
Prepaid items	1,054	-	61,880
Restricted assets:			
Cash and temporary investments	7,703,118	6,176,724	7,537,069
Receivables	-	-	332,993
Net investment in direct financing leases	-	-	3,691,173
Total current assets	<u>18,769,071</u>	<u>9,952,895</u>	<u>19,333,078</u>
Noncurrent assets:			
Restricted assets:			
Cash and temporary investments	26,263,219	14,588,310	-
Receivables	-	-	-
Net investment in direct financing leases	-	-	70,474,980
Capital assets:			
Land	8,392,267	3,340,576	12,704,695
Airfield	-	-	107,800,053
Buildings	62,402,821	85,300,905	38,730,241
Improvements other than buildings	334,496,702	233,182,641	23,966,816
Machinery, equipment and other assets	34,783,056	23,023,814	17,687,560
Construction in progress	40,577,754	36,443,400	28,413,311
Less accumulated depreciation	(122,172,334)	(67,980,153)	(127,577,655)
Total capital assets (net of accumulated depreciation)	<u>358,480,266</u>	<u>313,311,183</u>	<u>101,725,021</u>
Other assets	<u>1,775,953</u>	<u>1,798,318</u>	<u>27,390</u>
Total noncurrent assets	<u>386,519,438</u>	<u>329,697,811</u>	<u>172,227,391</u>
Total assets	<u>\$ 405,288,509</u>	<u>\$ 339,650,706</u>	<u>\$ 191,560,469</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 3,966,978	\$ 17,595,878	\$ 40,870,040
-	-	244,091
174,598	7,969,485	107,971
-	-	3,500,000
455,596	455,596	-
331,340	1,458,586	370,950
-	62,934	14,271
-	21,416,911	-
-	332,993	-
-	3,691,173	-
<u>4,928,512</u>	<u>52,983,556</u>	<u>45,107,323</u>
-	40,851,529	-
-	-	-
-	70,474,980	-
4,852,932	29,290,470	71,340
-	107,800,053	-
13,828,636	200,262,603	3,332,437
88,275,722	679,921,881	-
20,893,391	96,387,821	39,413,047
3,601,608	109,036,073	-
<u>(23,369,046)</u>	<u>(341,099,188)</u>	<u>(32,636,681)</u>
<u>108,083,243</u>	<u>881,599,713</u>	<u>10,180,143</u>
-	3,601,661	-
<u>108,083,243</u>	<u>996,527,883</u>	<u>10,180,143</u>
<u>\$ 113,011,755</u>	<u>\$ 1,049,511,439</u>	<u>\$ 55,287,466</u>

(Continued)

CITY OF WICHITA, KANSAS

BALANCE SHEET (CONTINUED)

PROPRIETARY FUNDS

December 31, 2004

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 643,199	\$ 657,341	\$ 100,667
Accrued interest payable	226,019	-	68,266
Temporary notes payable	-	-	-
Deposits	1,885,881	-	19,641
Due to other funds	-	-	-
Current portion of long-term obligations:			
General obligation bonds payable	-	-	590,000
Contracts payable	277,803	-	-
Claims payable	-	-	-
Compensated absences	413,739	251,127	255,393
Current liabilities payable from restricted assets:			
Accounts payable and accrued expenses	-	-	105,310
Accrued interest payable	1,527,494	1,415,826	332,993
Revenue bonds payable	6,175,624	4,760,898	3,691,173
Total current liabilities	<u>11,149,759</u>	<u>7,085,192</u>	<u>5,163,443</u>
Noncurrent liabilities:			
General obligation bonds payable	-	-	3,150,000
Revenue bonds	117,856,718	113,709,855	70,474,980
Unamortized deferred refunding	(436,301)	(369,210)	-
Unamortized revenue bond premium	2,103,788	3,150,277	-
Contracts payable	-	-	-
Claims payable	-	-	-
Compensated absences	64,235	38,989	41,296
Total noncurrent liabilities	<u>119,588,440</u>	<u>116,529,911</u>	<u>73,666,276</u>
Total liabilities	<u>130,738,199</u>	<u>123,615,103</u>	<u>78,829,719</u>
NET ASSETS			
Invested in capital assets	-	-	-
Invested in capital assets, net of related debt	237,381,238	195,567,489	97,583,762
Restricted for:			
Capital projects	-	-	7,537,069
Debt Service	1,424,312	1,415,832	-
Revenue bond reserves	26,187,711	14,425,250	-
Unrestricted	9,557,049	4,627,032	7,609,919
Total net assets	<u>274,550,310</u>	<u>216,035,603</u>	<u>112,730,750</u>
Total liabilities and net assets	<u>\$ 405,288,509</u>	<u>\$ 339,650,706</u>	<u>\$ 191,560,469</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 158,835	\$ 1,560,042	\$ 2,225,827
48,370	342,655	-
600,500	600,500	-
145	1,905,667	-
529,944	529,944	-
		-
2,485,302	3,075,302	-
-	277,803	-
-	-	5,686,565
278,260	1,198,519	279,550
-	105,310	-
-	3,276,313	-
-	14,627,695	-
<u>4,101,356</u>	<u>27,499,750</u>	<u>8,191,942</u>
9,620,542	12,770,542	-
-	302,041,553	-
-	(805,511)	-
-	5,254,065	-
-	-	-
-	-	13,398,055
39,158	183,678	45,046
<u>9,659,700</u>	<u>319,444,327</u>	<u>13,443,101</u>
<u>13,761,056</u>	<u>346,944,077</u>	<u>21,635,043</u>
-	-	10,180,143
94,798,585	625,331,074	-
22,522	7,559,591	-
-	2,840,144	-
-	40,612,961	-
4,429,592	26,223,592	23,472,280
<u>99,250,699</u>	<u>702,567,362</u>	<u>33,652,423</u>
<u>\$ 113,011,755</u>	<u>\$ 1,049,511,439</u>	<u>\$ 55,287,466</u>

Total net assets \$ 702,567,362

Some amounts reported for business-type activities
in the statement of net assets are different because
certain internal service fund assets and liabilities are
included with business-type activities

(658,762)

Net assets of business-type activities \$ 701,908,600

CITY OF WICHITA, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the year ended December 31, 2004

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
OPERATING REVENUES			
Charges for services and sales	\$ 33,455,073	\$ 25,880,494	\$ 3,382,609
Fees	-	-	3,002,088
Rentals	5,811	-	11,894,941
Employer contributions	-	-	-
Employee contributions	-	-	-
Other	20,984	22,984	46,795
Total operating revenues	<u>33,481,868</u>	<u>25,903,478</u>	<u>18,326,433</u>
OPERATING EXPENSES			
Personal services	7,539,116	8,617,551	5,536,814
Contractual services	5,214,503	4,118,502	3,028,961
Materials and supplies	2,890,235	2,070,705	3,383,227
Cost of materials used	-	-	-
Administrative charges	851,130	205,060	306,780
Payments in lieu of franchise fees	1,972,560	1,505,140	-
Depreciation	8,652,803	6,216,912	7,105,745
Employee benefits	-	-	-
Insurance claims	-	-	-
Total operating expenses	<u>27,120,347</u>	<u>22,733,870</u>	<u>19,361,527</u>
Operating income (loss)	<u>6,361,521</u>	<u>3,169,608</u>	<u>(1,035,094)</u>
NONOPERATING REVENUES (EXPENSES)			
Operating grants	-	-	-
Interest on investments	387,931	246,156	4,932,857
Other revenues (expenses)	(261,361)	(2,035)	1,382
Interest expense	(4,670,614)	(3,796,045)	(5,090,155)
Gain (loss) from sale of assets	(15,104)	(185,048)	(562,389)
Bond premium (discount) amortization	(12,540)	48,180	(5,508)
Total nonoperating revenues (expenses)	<u>(4,571,688)</u>	<u>(3,688,792)</u>	<u>(723,813)</u>
Income (loss) before contributions and transfers	1,789,833	(519,184)	(1,758,907)
Capital contributions and operating transfers:			
Capital contributions	7,765,899	9,157,697	10,985,138
Transfers from other funds	-	99,058	-
Transfers to other funds	<u>(1,696,611)</u>	<u>(882,600)</u>	<u>(763,200)</u>
Increase (decrease) in net assets	7,859,121	7,854,971	8,463,031
Total net assets - beginning	<u>266,691,189</u>	<u>208,180,632</u>	<u>104,267,719</u>
Total net assets - ending	<u>\$ 274,550,310</u>	<u>\$ 216,035,603</u>	<u>\$ 112,730,750</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 7,413,917	\$ 70,132,093	\$ 8,732,399
2,665,644	5,667,732	-
618,102	12,518,854	9,121,874
-	-	21,729,851
-	-	6,177,412
37,611	128,374	476,365
<u>10,735,274</u>	<u>88,447,053</u>	<u>46,237,901</u>
8,057,853	29,751,334	5,852,208
3,749,163	16,111,129	4,132,235
1,769,223	10,113,390	2,744,948
-	-	2,271,630
432,670	1,795,640	313,660
150,000	3,627,700	-
4,195,522	26,170,982	2,648,320
-	-	25,208,985
-	-	6,876,993
<u>18,354,431</u>	<u>87,570,175</u>	<u>50,048,979</u>
<u>(7,619,157)</u>	<u>876,878</u>	<u>(3,811,078)</u>
3,155,956	3,155,956	-
47,934	5,614,878	307,917
(28,877)	(290,891)	-
(614,274)	(14,171,088)	-
10,714	(751,827)	(220,237)
-	30,132	-
<u>2,571,453</u>	<u>(6,412,840)</u>	<u>87,680</u>
(5,047,704)	(5,535,962)	(3,723,398)
4,210,897	32,119,631	354,962
4,275,430	4,374,488	702,810
<u>(694,345)</u>	<u>(4,036,756)</u>	<u>(1,531,750)</u>
2,744,278	26,921,401	(4,197,376)
<u>96,506,421</u>	<u>675,645,961</u>	<u>37,849,799</u>
<u>\$ 99,250,699</u>	<u>\$ 702,567,362</u>	<u>\$ 33,652,423</u>

Increase in net assets per fund statements \$ 26,921,401

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities (1,012,005)

Change in net assets of business-type activities \$ 25,909,396

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended December 31, 2004

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 33,436,497	\$ 26,196,547	\$ 19,909,461
Cash payments to suppliers for goods and services	(9,586,469)	(6,211,561)	(7,083,852)
Cash payments to employees for services	(7,512,545)	(8,618,382)	(5,509,144)
Payment in lieu of franchise fees	(1,972,560)	(1,505,140)	-
Other operating revenues	20,984	22,984	46,795
Net cash provided by (used in) operating activities	<u>14,385,907</u>	<u>9,884,448</u>	<u>7,363,260</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grant received	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,597,553)	(882,600)	(763,200)
Net cash provided by (used in) noncapital financing activities	<u>(1,597,553)</u>	<u>(882,600)</u>	<u>(763,200)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of temporary notes	-	-	-
Additions to property, plant and equipment	(18,330,747)	(12,363,236)	(14,739,306)
Debt service - principal	(6,152,135)	(4,528,274)	(575,000)
Debt service - interest	(6,207,223)	(5,875,917)	(229,285)
Proceeds from sale of assets	60,175	27,288	26,194
Capital contributions	4,534,675	2,216,488	10,986,520
Net cash provided by (used in) capital and related financing activities	<u>(26,095,255)</u>	<u>(20,523,651)</u>	<u>(4,530,877)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and maturity of investment securities	-	-	-
Interest on investments	387,931	246,156	60,595
Net cash provided by investing activities	<u>387,931</u>	<u>246,156</u>	<u>60,595</u>
Net increase (decrease) in cash and temporary investments	(12,918,970)	(11,275,647)	2,129,778
Cash and temporary investments - January 1	<u>51,026,481</u>	<u>34,910,677</u>	<u>12,025,021</u>
Cash and temporary investments - December 31	<u>\$ 38,107,511</u>	<u>\$ 23,635,030</u>	<u>\$ 14,154,799</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 10,856,052	\$ 90,398,557	\$ 46,646,488
(6,016,434)	(28,898,316)	(39,488,374)
(8,042,972)	(29,683,043)	(5,828,957)
(150,000)	(3,627,700)	-
37,611	128,374	369,531
<u>(3,315,743)</u>	<u>28,317,872</u>	<u>1,698,688</u>
3,281,702	3,281,702	-
3,783,080	3,783,080	702,810
<u>(201,995)</u>	<u>(3,445,348)</u>	<u>(1,531,750)</u>
<u>6,862,787</u>	<u>3,619,434</u>	<u>(828,940)</u>
374,600	374,600	-
(3,053,844)	(48,487,133)	(2,390,709)
(1,871,368)	(13,126,777)	-
(623,500)	(12,935,925)	-
10,937	124,594	128,254
<u>1,172,358</u>	<u>18,910,041</u>	<u>-</u>
<u>(3,990,817)</u>	<u>(55,140,600)</u>	<u>(2,262,455)</u>
-	-	2,892
<u>47,934</u>	<u>742,616</u>	<u>307,917</u>
<u>47,934</u>	<u>742,616</u>	<u>310,809</u>
<u>(395,839)</u>	<u>(22,460,678)</u>	<u>(1,081,898)</u>
<u>4,362,817</u>	<u>102,324,996</u>	<u>41,951,938</u>
<u>\$ 3,966,978</u>	<u>\$ 79,864,318</u>	<u>\$ 40,870,040</u>

(Continued)

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS

Year ended December 31, 2004

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 6,361,521	\$ 3,169,608	\$ (1,035,094)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	8,652,803	6,216,912	7,105,745
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(83,528)	316,053	1,625,369
(Increase) decrease in inventory	96,378	-	-
(Increase) decrease in prepaid items	454	-	(11,307)
(Increase) decrease in fixed assets due to expenditure reclass	-	-	-
(Decrease) increase in accounts payable/accrued expenses	(727,433)	182,706	(353,578)
(Decrease) increase in deposits	59,141	-	4,455
Increase in claims payable	-	-	-
(Decrease) increase in compensated absences	26,571	(831)	27,670
Total adjustments	8,024,386	6,714,840	8,398,354
Net cash provided by (used in) operating activities	\$ 14,385,907	\$ 9,884,448	\$ 7,363,260

Supplemental Schedule of Non-Cash Investing and Financing Activities

Assets contributed by benefit districts	\$ 2,962,045	\$ 6,941,209	\$ -
Change in assets contributed by other government	-	-	-
Capital grants received	-	-	-
Capital contributed by local government	-	-	-
Decrease in net investment in direct financing leases	-	-	3,403,698
(Decrease) in revenue bonds payable	-	-	(3,403,698)
Decrease in interest receivable on direct financing leases	-	-	37,821
(Decrease) in accrued interest payable on revenue bonds	-	-	(37,821)
Interest income on investment in direct financing leases	-	-	4,872,262
Interest expense on revenue bonds payable	-	-	4,872,262
Contribution of capital assets	269,179	-	-
Transfer of assets between proprietary funds	(99,058)	99,058	-

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
<u>\$ (7,619,157)</u>	<u>\$ 876,878</u>	<u>\$ (3,811,078)</u>
4,195,522	26,170,982	2,648,320
159,212	2,017,106	778,118
(10,203)	86,175	128
-	(10,853)	(18,206)
218,243	218,243	-
(273,418)	(1,171,723)	255,535
(823)	62,773	-
-	-	1,822,620
14,881	68,291	23,251
<u>4,303,414</u>	<u>27,440,994</u>	<u>5,509,766</u>
<u>\$ (3,315,743)</u>	<u>\$ 28,317,872</u>	<u>\$ 1,698,688</u>

\$ 3,094,947	\$ 12,998,201	\$ -
-	-	-
-	-	-
-	-	354,962
-	3,403,698	-
-	(3,403,698)	-
-	37,821	-
-	(37,821)	-
-	4,872,262	-
-	4,872,262	-
-	269,179	-
-	-	-

CITY OF WICHITA, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2004

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and temporary investments	\$ 23,321,795	\$ 8,140,046
Receivables:		
Investment sales pending	10,667,796	-
Interest and dividends	1,800,081	3,541
Accounts	-	29,354
Total receivables	<u>12,467,877</u>	<u>32,895</u>
Investments, at fair value:		
Government securities: long term	31,834,531	417,721
Corporate debt instruments: long term	62,773,984	-
Corporate stocks	422,370,771	-
Real estate	22,558,497	-
Mortgage-backed securities	42,166,439	-
Value of interest in pooled funds	269,177,284	-
Total investments	<u>850,881,506</u>	<u>417,721</u>
Total assets	<u>886,671,178</u>	<u>8,590,662</u>
LIABILITIES		
Accounts payable and accrued expenses	4,340,451	2,379,209
Compensated absences	29,561	-
Investment purchases pending	11,114,949	-
Security lending obligations	36,398,125	-
Deposits	-	6,211,453
Total liabilities	<u>51,883,086</u>	<u>8,590,662</u>
NET ASSETS		
Held in trust for:		
Employees' pension benefits	834,788,092	-
Total net assets	<u>\$ 834,788,092</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the year ended December 31, 2004

	2004 Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 10,221,356
Employee	6,974,932
Total contributions	<u>17,196,288</u>
Investment income:	
<i>From investment activities</i>	
Net appreciation (depreciation) in fair value of investments	62,298,045
Interest and dividends	14,577,505
Commission recapture	141,762
Total investment earnings	<u>77,017,312</u>
Less investment expense	<u>3,447,585</u>
Net income (loss) from investing activities	73,569,727
<i>From securities lending activities</i>	
Securities lending income	<u>415,907</u>
Securities lending activities expenses:	
Borrower rebates	296,037
Management fees	<u>25,760</u>
Total securities lending activities expenses	321,797
Net income from securities lending activities	<u>94,110</u>
Total net investment income (loss)	<u>73,663,837</u>
Transfers from other funds	<u>1,528,790</u>
Total additions	<u>92,388,915</u>
DEDUCTIONS	
Pension benefits	35,642,031
DROP and Back DROP payments	1,514,727
Pension administration	476,305
Employee contributions refunded	1,071,073
Transfers to other funds	1,528,790
Other deductions	<u>89,050</u>
Total deductions	<u>40,321,976</u>
Change in net assets	52,066,939
Net assets - beginning	<u>782,721,153</u>
Net assets - ending	<u><u>\$ 834,788,092</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

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CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from the blended component unit is combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

Blended Component Unit - The Wichita Airport Authority (WAA) serves all citizens of the government and is governed by a board comprised of the government's elected council. Bond issuance authorizations are approved by the governing body of the primary government and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Wichita Airport Authority is reported as an enterprise fund.

Discretely Presented Component Unit - The Wichita Public Building Commission (WPBC) acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees. The nine-member board is appointed by the Mayor and City Council. Of the nine members, one member is recommended for appointment by the County Commissioners of Sedgwick County, Kansas, and one by the President of Wichita State University. The Kansas Secretary of Administration and the Superintendent of Unified School District Number 259 serve as provisional members of the board of the WPBC. Members of the WPBC Board may only be removed for just cause. The City of Wichita provides staff support and legal representation by the Department of Law. Additionally, the City of Wichita is liable on a contingent basis and will make rental payments, if necessary, to supplement rental payments in connection with the City/County "wrap-around" obligation for the State Office Building. (Refer to Note 20.E. - Public Building Commission Lease, for further disclosure.) The WPBC is presented as a proprietary fund type.

Separate audited financial statements are not prepared by the Wichita Airport Authority or the Wichita Public Building Commission.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets on page A-13 and the statement of changes in net assets on page A-14) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include [1] charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and [2] grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collectible within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as deferred revenue. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

The General Fund is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.

The Federal/State Assistance Fund accounts for assistance received from Federal and State grant sources providing benefits to the community. The City maintains a separate fund for each Federal or State grant program. Because of the large number of such funds, the funds that are similar in nature or are funded by the same grantor agency have been consolidated.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Street Improvement Fund accounts for capital improvements related to streets, arterials and freeway projects that are financed through the issuance of general obligation bonds, special assessments, local sales tax, Federal grants and other City funds.

The government reports the following major proprietary funds:

The Water Utility Fund accounts for the operation and maintenance of the water component of the combined utility, providing an adequate, quality supply of water and means of wastewater disposal.

The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and more than 1,200 miles of sewer laterals and mains.

The Wichita Airport Authority Fund accounts for the provision of air transportation services for the public, business and industry, while maintaining the safe operation of assets.

The government also reports the following fund types:

A permanent fund is used to report resources that are restricted for the maintenance and perpetual care of municipal cemeteries.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis and to account for the City's self-insurance activities.

Pension trust funds account for the activities of the Wichita Employees' Retirement System, Wichita Police and Fire Retirement System and the Wichita Employees' Retirement System – Plan 3, all of which accumulate resources for pension benefits for qualified employees.

Agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's Enterprise funds and various other functions of the government.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include [1] charges to customers or applicants for goods, services, or privileges provided, [2] operating grants and contributions, and [3] capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

D. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds and those of the Wichita Public Building Commission). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, repurchase agreements, and U.S. government securities, carried at amortized cost, which approximates fair value. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

E. Investments

Investments of all funds (except the pension trust funds) and the component unit are recorded at amortized cost, which approximates fair value. For the pension trust funds, investments are reported at fair value. Investments traded on national or international exchanges are valued at the last trade price of the day. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments.

Investments that do not have an established market are reported at their estimated fair value. The pension trust funds invest in Treasury strips and various asset backed securities, such as collateralized mortgage obligations and credit card trusts.

F. Property Taxes and Other Receivables

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed as of January 1 and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before June 20 of the ensuing year (May 10 for 2004 through

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies (continued)

F. Property Taxes and Other Receivables (continued)

2008). State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and State grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

G. Revenue Recognition for Proprietary Funds

The proprietary funds follow the policy of recognizing revenue on sales when services are rendered. The Water, Sewer, and Storm Water Utilities recognize revenues for unbilled services. All users, including other City departments, are charged for services provided by the respective proprietary fund. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31, net of amounts estimated to be uncollectible.

H. Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the debt service fund or a liability in a City of Wichita revocable escrow account for prepaid special assessments. The escrow is revocable and, therefore, not technically public funds.

The prepayment amount is discounted for the estimated interest earnings realized from investing the prepayment amount. The amount of interest plus prepayment equals the amount of debt service paid on outstanding bonds. State statutes allow levying additional ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable, if necessary. Special assessments receivable are accounted for within the debt service fund. Special assessments are levied over a ten to fifteen year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, they may be collected by foreclosure. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as deferred revenue.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies (continued)

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary fund are recorded as expenditures during the year of purchase. Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method except for the Water Utility, Transit Fund, and Fleet/Building Fund, which are valued using an average unit cost method.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost ranging from \$1,500 to \$250,000, depending on the type of asset. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated fixed assets are valued at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Capital assets of the primary government and its component unit are depreciated using the straight line method over the following estimated useful lives:

Assets Classification	Year
Buildings and improvements	1-42
Improvements other than buildings	1-50
Equipment	1-33
Vehicles	1-20
Public domain infrastructure	15-60
Water/Sewer mains and drainage	75-85
Airfields	5-40

K. Payments in Lieu of Franchise Fees

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City, in lieu of franchise fees, an amount not to exceed five percent of gross revenues for the preceding year, which is determined by the City and included in the annual budget.

L. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies (continued)

L. Compensated Absences (continued)

for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations and retirements.

M. Statement of Cash Flows

The reporting entity defines cash and cash equivalents used in the statement of cash flows as all cash and temporary investments (both restricted and unrestricted).

N. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

O. Pending Governmental Accounting Standards Board Statements

The Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures", was issued in March 2003. The statement establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. Statement No. 40 also establishes and modifies disclosure requirements for deposit risks: custodial credit risk and foreign currency risks. The Statement will apply to the financial statements of the City beginning with fiscal year 2005.

GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", was issued in November 2003 and it will apply to financial statements of the City beginning with fiscal year 2005. Statement No. 42 establishes guidance for accounting and reporting for the impairment of capital assets and for insurance recoveries.

GASB Statement No. 43 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" was issued in April 2004 and will apply to financial statements of the City beginning with fiscal year 2006. Statement No. 43 establishes guidance for accounting and reporting for postemployment benefits other than pension benefits, such as insurances.

GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section" was issued in May 2004 and establishes guidance for reporting supplementary information that accompanies the basic financial statements in the statistical section. Statement No. 44 will apply to financial statements of the City beginning with fiscal year 2006.

GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", was issued June 2004 and establishes guidance for accounting and reporting of postemployment benefits other than pension if provided separately from a pension plan. Statement No. 45 will apply to the financial statements of the City beginning with fiscal year 2007.

GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", was issued December 2004 and will apply to the financial statements of the City beginning with fiscal year 2006. Statement No. 46 establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation, amending GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

2. Budgetary Control

Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all Federal and State assistance funds, all capital projects funds (including capital projects of proprietary funds), the Wichita Airport Authority, Golf Course System, Transit, Self-Insurance, and all trust and agency funds. The component unit (Wichita Public Building Commission) is also exempt from legally adopted budgets. Controls over spending in funds and the component unit that are not subject to legal budgets are maintained by the use of internal spending limits established by management. K.S.A. 79-2926 et seq provides the following sequence and timetable for adoption of budgets:

- [1] Preparation of budget for the succeeding calendar year on or before August 1 of each year.
- [2] Publication of proposed budget on or before August 5 of each year. A minimum of ten days notice of public hearing, published in local newspaper, on or before August 15 of each year.
- [3] Adoption of final budget on or before August 25 of each year.

K.S.A. 79-2927 requires that all money to be raised by taxation and from all other sources for the ensuing budget year must be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of ten percent of the total. The budget for each fund may include a non-appropriated balance not to exceed five percent of the total of each fund. The City of Wichita appropriates amounts for fund balance reserves in the various governmental funds on a budgetary basis; appropriated fund balance reserves are not intended to finance routine expenditures.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. In accordance with Kansas statutes, the legal level of control for the City is established at the individual fund level, also permitting the transfer of budgeted amounts from one object or purpose to another within the same fund. All annual appropriations lapse at the end of the year, except for outstanding encumbrances, which are reappropriated in the following fiscal year.

Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held at which time the governing body may amend the budget.

3. Budgetary Basis of Accounting

Budgets are prepared on a basis (budgetary basis) different from generally accepted accounting principles (GAAP basis). For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, except for special assessments of the debt service fund that are recognized on the cash basis. The major difference between GAAP and budgetary basis is the reporting of encumbrances (purchase orders, contracts, and other commitments) as a reservation of fund balance (GAAP) as opposed to the equivalent of expenditures (budgetary). Adjustments necessary to convert the net change in fund balances and the ending fund balances from GAAP basis to budgetary basis for the general fund are provided as follows:

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

3. Budgetary Basis of Accounting (continued)

	Net Change in Fund Balance from Prior Year	Fund Balances at End of Year
General Fund - GAAP Basis	\$ 2,222,633	\$ 25,674,641
Increase (decrease) affecting basis:		
Expenditures due to prior year encumbrances	2,682,940	-
Expenditures due to current year encumbrances	(3,674,970)	(3,674,970)
Budgetary Basis	\$ 1,230,603	\$ 21,999,671

4. Fund Balance Deficits

At December 31, 2004, fund balance deficits were as follows:

Primary Government	Fund Balance Deficits
Street Improvement fund	\$ 12,586,596
Nonmajor governmental funds:	
Water Main Extension	3,104,067
Park Bond Construction	465,468
Sewer Construction	18,864,036
Total Reporting Entity	\$ 35,020,167

The Street Improvement and nonmajor governmental fund balance deficits will be financed through the sale of bonds authorized by the City Council but not yet sold at December 31, 2004.

5. Cash, Investments, and Securities Lending

A. Cash

Generally accepted accounting principles require the reporting entity to categorize their cash deposits at year-end according to three credit risk categories. Category 1 includes cash deposits that are insured under a federal depository insurance fund or are collateralized with securities held by the City or the City's agent in the City's name. Category 2 includes cash deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes cash deposits that are uncollateralized or collateralized with securities which are held by the pledging financial institution or its trust department or agent but not in the City's name. As of December 31, 2004, the reporting entity's cash deposits were categorized as follows:

	Category 1	Category 2	Category 3	Total
Bank Deposits	\$37,512,967	\$ -	\$ -	\$ 37,512,967
Reconciling Items				(7,730,793)
Book Balance				\$ 29,782,174

Reconciling items primarily include outstanding checks and deposits that were in transit at year-end.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

5. Cash, Investments, and Securities Lending (continued)

A. Cash (continued)

State law (K.S.A. 9-1402) requires that collateral be pledged equal to or greater than 100 percent of the market value of the reporting entity's deposits. As of December 31, 2004, the reporting entity had deposits in eight banks totaling \$37,512,967 with assets pledged to the reporting entity by the banks as collateral with a fair value of \$45,055,775.

B. Investments

State law (K.S.A. 12-1675-12-1677) allows monies, not otherwise regulated by statute, to be invested in the following:

1. Temporary notes of the City of Wichita;
2. Time deposits, open accounts or certificates of deposits with maturities of not more than four years;
3. Repurchase agreements with commercial banks, state or federally chartered savings and loan associations, which have offices located in Wichita;
4. United States treasury bills or notes with maturities not exceeding four years;
5. U.S. Government-Agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations or similar maturities;
6. The municipal investment pool fund operated by the State Treasurer;
7. A municipal investment pool established through the trust department of commercial banks, which have offices located in Wichita.

State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes in the following, in addition to those stated above:

1. U.S. Government and agency obligations;
2. Time deposits with banks and trust companies in Sedgwick County;
3. FNMA, FHLB and FHLMC obligations;
4. Collateralized repurchase agreements;
5. Investment agreements with financial institutions including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poors;
6. Mutual funds with portfolios consisting entirely of obligations of the U.S. Government, U.S. Government agencies, FNMA, FHLB and FHLMC;
7. Certain Kansas municipal bonds.

City ordinance (34-671; section 2.52.100) authorizes the Group Life Insurance Fund to hold investments comprised of:

1. U.S. Government securities;
2. Corporate bonds of A quality or better, as listed in Moody's or Standard & Poors;
3. Not more than 50 percent may be invested in equity mutual funds.

Cemetery Fund investments are authorized to be prudently invested at the discretion of the City's Director of Finance.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

5. Cash, Investments, and Securities Lending (continued)

B. Investments (continued)

Deposits and investments for the Wichita Public Building Commission are invested by trustees and are held under trust indentures.

All of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. City ordinance (44-812; section 2.28.090) authorizes the Wichita Employees' Retirement System and City ordinance (Charter Ordinance 176) authorizes the Police and Fire Retirement System to invest in:

1. Common stock (not more than 70 percent);
2. Direct or indirect obligations of the U.S. Government;
3. Corporate bonds rated A or better;
4. Commercial paper of high quality;
5. Foreign securities (not more than 25 percent);
6. Real estate (pooled) (not more than 10 percent).

The pension funds follow an overall strategic allocation policy that includes investments in four asset types: domestic equities, international equities, domestic fixed income, and international fixed income. Additionally, the pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMO's) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by when the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates may affect the amount and timing of cash flows. The pension funds utilize a combination of asset backed securities which vary in their degree of volatility.

The City's investments are categorized to give an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker, dealer, or financial institution, or financial institution's trust department or safekeeping department, or agent but not in the City's name.

On December 31, 2004, approximately 62 percent of the investments owned by the pension funds were in category 1.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

5. Cash, Investments and Securities Lending (continued)

B. Investments (continued)

At year-end, investments of the primary government were as follows:

	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
Investments - categorized:					
U.S. government and agencies	\$ 247,427,886	-	-	\$ 247,427,886	\$ 246,411,586
Stocks	396,290,996	-	-	396,290,996	396,290,996
Corporate bonds	61,243,222	-	-	61,243,222	61,244,570
Mortgage and asset backed securities	36,557,901	-	-	36,557,901	36,557,901
Subtotal	<u>\$ 741,520,005</u>	<u>\$ -</u>	<u>\$ -</u>	741,520,005	740,505,053
Investments - not categorized:					
Investments held by broker-dealers under securities loans:					
U.S. government and agencies				8,657,288	8,657,288
Domestic equities				26,160,212	26,160,212
Corporate bonds				1,580,625	1,580,625
Mutual/pooled funds				<u>318,778,285</u>	<u>318,778,285</u>
Total investments				<u>\$1,096,696,415</u>	<u>\$1,095,681,463</u>

At year-end, investments of the Wichita Public Building Commission were as follows:

	Carrying Amount	Fair Value
Investments-not categorized:		
Mutual/pooled funds	<u>\$ 1,851,798</u>	<u>\$ 1,851,798</u>

C. Securities Lending Transactions

Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The custodian of the City's pension plans is an agent in lending the plans' domestic securities for collateral of 102 percent and international securities for collateral of 105 percent. Collateral may consist of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by a bank (including an affiliate of the agent), other than the securities borrower or affiliate, which is either insured by the Federal Deposit Insurance Corporation or a foreign bank that has complied with applicable requirements of the Federal Reserve Board. The collateral securities cannot be pledged or sold by the City unless the borrower defaults. The agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds the required value of the loaned securities. Contracts with the lending agent require them to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand either by the Systems or the borrower.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

5. Cash, Investments and Securities Lending (continued)

C. Securities Lending Transactions (continued)

At year-end, all loans were secured with cash collateral, involving both domestic and international equities and fixed income securities. For all loans, the term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral. Such matching existed at year-end. However in lending securities, a portion of the cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 36 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the System cannot determine. Securities on loan at year-end are presented as unclassified in the preceding schedule of custodial credit risk. At year-end, the Systems had no credit risk exposure to borrowers because the amounts the Systems owe the borrowers exceed the amounts the borrowers owe the Systems.

6. Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2004 was as follows (expressed in thousands of dollars):

	Balance January 1	Additions	Deletions	Balance December 31
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 211,073	\$ 17,901	\$ (9,842)	\$ 219,132
Construction in progress	204,240	53,717	(47,429)	210,528
Total capital assets, not being depreciated	415,313	71,618	(57,271)	429,660
Capital assets, being depreciated:				
Buildings	171,166	19,727	(1,877)	189,016
Improvements other than buildings	32,097	4,713	(208)	36,602
Machinery, equipment and other assets	71,135	7,705	(4,332)	74,508
Infrastructure	339,897	22,083	(1,258)	360,722
Total capital assets being depreciated	614,295	54,228	(7,675)	660,848
Less accumulated depreciation for:				
Buildings	(69,253)	(4,460)	245	(73,468)
Improvements other than buildings	(11,457)	(1,448)	91	(12,814)
Machinery, equipment and other assets	(47,011)	(4,973)	3,450	(48,534)
Infrastructure	(96,604)	(8,925)	-	(105,529)
Total accumulated depreciation	(224,325)	(19,806)	3,786	(240,345)
Total capital assets, being depreciated, net	389,970	34,422	(3,889)	420,503
Governmental activities capital assets, net	\$ 805,283	\$ 106,040	\$ (61,160)	\$ 850,163

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

6. Capital Assets (continued)

	Balance January 1	Additions	Deletions	Balance December 31
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 26,944	\$ 2,407	\$ (60)	\$ 29,291
Construction in progress	128,539	49,722	(69,225)	109,036
Total capital assets, not being depreciated	<u>155,483</u>	<u>52,129</u>	<u>(69,285)</u>	<u>138,327</u>
Capital assets, being depreciated:				
Airfields	107,664	164	(28)	107,800
Buildings	182,697	22,292	(4,726)	200,263
Improvements other than buildings	627,429	53,021	(527)	679,923
Machinery, equipment and other assets	87,193	11,151	(1,957)	96,387
Total capital assets being depreciated	<u>1,004,983</u>	<u>86,628</u>	<u>(7,238)</u>	<u>1,084,373</u>
Less accumulated depreciation for:				
Airfields	(64,194)	(4,377)	13	(68,558)
Buildings	(76,447)	(4,489)	157	(80,779)
Improvements other than buildings	(131,217)	(10,372)	181	(141,408)
Machinery, equipment and other assets	(44,933)	(6,933)	1,511	(50,355)
Total accumulated depreciation	<u>(316,791)</u>	<u>(26,171)</u>	<u>1,862</u>	<u>(341,100)</u>
Total capital assets, being depreciated, net	<u>688,192</u>	<u>60,457</u>	<u>(5,376)</u>	<u>743,273</u>
Business-type activities capital assets, net	<u>\$ 843,675</u>	<u>\$ 112,586</u>	<u>\$ (74,661)</u>	<u>\$ 881,600</u>

Depreciation expense was charged to function/programs of the primary government, as follows (in thousands of dollars):

Governmental activities:	
General government	\$ 1,853
Public safety	1,721
Highways and streets, including depreciation of general infrastructure assets	8,812
Sanitation	150
Health and welfare	759
Culture and recreation	3,863
Capital assets held by the government's internal services funds are charged to the various functions based on their usage of the assets	<u>2,648</u>
Total depreciation expense-governmental activities	<u>\$ 19,806</u>
Business-type activities:	
Water	8,653
Sewer	6,217
Airport Authority	7,106
Nonmajor enterprise funds	<u>4,195</u>
Total depreciation expense-business-type activities	<u>\$ 26,171</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

7. Retirement Funds

The reporting entity contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Wichita Police and Fire Retirement System (WPFRS). Each system is administered by a separate Board of Trustees. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3 that is also governed by the Wichita Employees' Retirement System Board of Trustees.

The Wichita Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for WERS and WPFRS. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Wichita Employees' Retirement System, Wichita Police and Fire Retirement System, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds in the City's financial statements and use the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates market or fair value. Securities traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market are reported at their estimated fair value.

Management of Plan Assets

The Board of Trustees of all Systems have contractual arrangements with independent investment counselors for management of the assets of the Systems. The firms have been granted discretionary authority concerning purchases and sales of investments within guidelines established by City ordinances. The Board of Trustees of the pension systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment counselors.

Reserves and Concentrations

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) where the market value exceeded five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

7. Retirement Funds (continued)

A. Wichita Employees' Retirement System

Plan Description

The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

Funding Policy

The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the rate for 2004 was 4.7 percent of annual covered payroll for both Plans 1 and 2. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Annual Pension Cost and Net Pension Obligation

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2004, the City's annual pension cost of \$2,084,558 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2002 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 5.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 3.0 percent per year (non-compounded) after retirement for Plan 1 and 2.0 percent per year (non-compounded) for Plan 2.

The actuarial accrued liability, as determined by the individual entry age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the third year this smoothing method has been used.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

7. Retirement Funds (continued)

A. Wichita Employees' Retirement System (continued)

The unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis. At December 31, 2004, the amortization period was 20 years.

Fiscal Year Ending	Schedule of Employer Contributions		Net Pension Obligation
	Annual Required Contribution	Percentage Contributed	
12/31/02	\$1,957,922	100	\$0
12/31/03	2,007,656	100	0
12/31/04	2,084,558	100	0

B. Police and Fire Retirement System

Plan Description

The WPFRS is divided into three plans - Plan A, Plan B, and Plan C-79. The plans were established to provide retirement and survivor annuities, death benefits, and other benefits for Police and Fire Officers of the reporting entity and their dependents. All full-time active "commissioned" Police and Fire department personnel are required to participate in the plans. Plans A and B were established by City ordinance on January 1, 1965 and Plan C-79 was established January 1, 1979 by City ordinance. Plan B was closed to new entrants as of January 1, 1965 and Plan A was closed to new entrants as of December 31, 1978. Establishment of and amendments to the benefit provisions for the WPFRS are authorized by the City Council.

Funding Policy

The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. WPFRS members are required to contribute six to eight percent of covered salaries. The City is required to contribute at an actuarially determined rate; the rate for 2004 was 14.0 percent of annual covered payroll. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the consulting actuary.

Annual Pension Cost and Net Pension Obligation

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2004, the City's annual pension cost of \$6,925,467 was equal to the required and actual contributions.

The employer's annual required contribution was determined as part of the December 31, 2002 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

7. Retirement Funds (continued)

B. Police and Fire Retirement System (continued)

compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 2.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.0 percent per year (non-compounded) commencing 36 months after retirement.

The actuarial accrued liability, as determined by the individual entry age normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the third year this smoothing method has been used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. At December 31, 2004, the amortization period was 20 years.

Fiscal Year Ending	Schedule of Employer Contributions		Net Pension Obligation
	Annual Required Contribution	Percentage Contributed	
12/31/02	\$4,746,504	100	\$0
12/31/03	5,043,505	100	0
12/31/04	6,925,467	100	0

C. Wichita Employees' Retirement System Plan 3

The reporting entity provides pension benefits for all of its full-time civilian employees hired or rehired on or after January 1, 1994. This is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2004, current membership totaled 825.

Plan 3, established by City Ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7 percent of salary (base pay plus longevity) each pay period. The reporting entity's contributions and earnings for each employee are 25 percent vested after three years of service, 50 percent vested after five years and are fully vested after seven years of continuous service.

Upon completion of seven years of service, employees participating in the plan may, within 90 days thereafter, advise the Board of the employee's decision to convert to participation in the Wichita Employees' Retirement System Plan 2, a defined benefit plan. If an employee elects to convert to Plan 2, the employee's account on the date of election shall become part of Plan 2. Fully vested employees who elect to continue participation in Plan 3 beyond seven years, may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

7. Retirement Funds (continued)

C. Wichita Employees' Retirement System Plan 3 (continued)

For the year ending December 31, 2004, employee and employer contributions to Plan 3 totaled \$1,219,589 and \$1,219,589, respectively.

8. Self-Insurance Fund

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity. Beginning in 1996, the City chose a fully insured health plan, Premier Blue, to replace the self-insured plan previously offered. The contributions and premiums for this plan are also accounted for through this fund. For those funds paying insurance costs, the contributions are recorded as expenditures/expenses in the fund and revenues in the self-insurance fund. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end. These claims are reflected under accounts payable and accrued liabilities in the internal service funds.

Fund	Beginning Liability Balance	Claims and Changes in Estimates	Claim Payments	Ending Liability Balance
Worker's Compensation				
2002 – 2003	\$ 10,955,000	\$7,028,520	\$ (4,909,520)	\$ 13,074,000
2003 – 2004	13,074,000	(2,750,924)	(141,907)	10,181,169
General Liability				
2002 – 2003	4,482,000	764,519	(1,058,519)	4,188,000
2003 – 2004	4,188,000	11,450,537	(6,735,086)	8,903,451

A. Health Insurance

The employee health insurance program became fully insured beginning January 1, 1996. Prior to this date, the plan was primarily self-insured. Health insurance is offered to substantially all full-time employees of the reporting entity. The employee health insurance in 2004 was provided through Preferred Health Systems and Preferred Plus of Kansas HMO, with a self-referral option and out of area benefits. Beginning in 2005, employee health insurance will be provided by Coventry Health Care of Kansas through a preferred provider network (PPO) with out of area health benefits. A monthly premium is paid to the insurance company that is responsible for all medical and administrative costs. At December 31, 2004, the City had \$2,264,307 of net assets available for future health insurance premiums. These funds are being retained to stabilize future premium increases and provide a reserve, if the City should choose to self-insure this exposure again in the future.

In 2004, the City continued to self-insure the prescription drug portion of the health plan, utilizing National Medical Health Card as the plan administrator. Beginning in 2005, the prescription drug portion of the health plan was placed under the umbrella of the monthly premium paid to Coventry Health Care of Kansas and did not continue as a self-insured program.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

8. Self-Insurance Fund (continued)

B. Workers' Compensation

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level. The City has reinsured for liabilities exceeding \$500,000 per occurrence with coverage provided through Employers Reinsurance Corporation. The deductible is taken into consideration in actuarial projections of the City's liability. The City maintains a reserve to meet State and actuarial requirements and to provide contingency funding. At December 31, 2004, the City recorded a liability of \$10,181,169 for estimated probable claims pending. Net assets at December 31, 2004 were \$2,107,487.

C. Life Insurance

The City maintains a cost plus life insurance program administered by Minnesota Mutual Life Insurance Company which provides life, accidental death and dismemberment, and conversion privileges to participants and life insurance to designated dependents. Benefit levels are based on employee compensation. The City offers additional voluntary accidental death and dismemberment insurance for both employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans. Coverage is terminated, if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion option, or if the plan is terminated.

The Pension Board of Trustees retained consulting actuaries in 1995 to perform a study of the City's group life insurance program, consisting of an analysis of the current financial status of the program with emphasis on the adequacy of the current reserve and premium levels. The group life insurance consulting actuaries stated that the fund balance was \$1.9 million in excess of that required to meet a 99.9 percent confidence level (the probability that actual annual claims will not exceed the amount of the reserve). The City believes this reserve level to be adequate. At December 31, 2004, net assets totaled \$2,992,042.

D. General Liability

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence.

The City is self-insured for tort liability claims against the reporting entity. The Kansas Tort Claims Act provides a liability limitation of \$500,000 per occurrence. Effective November 1, 1996, the City purchased an excess policy of insurance for federal and out of state actions because the limitations under the State's Tort Claims Act do not apply to federal and out of state actions. The policy provided coverage of \$10 million with a \$1 million self-insured retention. Due to dramatic cost increases and the fact that the City experienced no claims against the policy since inception, the federal and out of state actions liability policy was not renewed on November 1, 2002. The decision not to renew the policy was considered by the actuary when making reserve calculations and is periodically reevaluated.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

8. Self-Insurance Fund (continued)

D. General Liability (continued)

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. At December 31, 2004, the City recorded a \$8,903,451 liability for pending claims (maintaining a 90 percent confidence level) and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2004, net assets totaled \$7,783,237.

9. Long-Term Debt

A. General Obligation Bonds

General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

General obligation bonds outstanding (expressed in thousands of dollars) at December 31, 2004 are as follows:

<u>Payable from</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Ad valorem property taxes	2.00 - 6.50%	\$ 75,253
Transient guest tax	4.25 - 6.50%	10,110
Tax increment financing	2.50 - 5.15%	28,122
Local sales tax	3.00 - 5.00%	122,180
Subtotal - governmental activities		<u>235,665</u>
Business-type activities:		
Storm Water Utility	2.5 - 4.60%	5,725
Golf Course System	4.70 - 6.50%	6,381
Wichita Airport Authority	4.80 - 8.80%	3,740
Subtotal - business-type activities		<u>15,846</u>
Total general obligation bonds		<u>\$251,511</u>

Annual debt service requirements to maturity for general obligation bonds are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 29,842	\$ 10,119	\$ 3,075	\$ 708
2006	25,559	8,952	3,175	558
2007	20,837	8,002	1,351	446
2008	20,048	7,243	1,402	382
2009	19,638	6,474	1,462	314
2010 - 2014	77,746	21,363	4,686	751
2015 - 2019	41,995	4,453	695	35
Totals	<u>\$ 235,665</u>	<u>\$ 66,606</u>	<u>\$ 15,846</u>	<u>\$ 3,194</u>

The City of Wichita also issues special assessment bonds to provide funds for the construction of infrastructure in residential developments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

9. Long-Term Debt (continued)

A. General Obligation Bonds (continued)

provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Annual debt service requirements to maturity for special assessment bonds are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 30,790	\$ 8,410
2006	21,790	7,356
2007	20,265	6,427
2008	16,315	5,587
2009	15,890	4,976
2010 - 2014	71,480	15,433
2015 - 2019	30,050	3,065
2020 - 2024	140	25
Totals	<u>\$ 206,720</u>	<u>\$ 51,279</u>

B. Revenue Bonds

Revenue bonds are also issued by the City of Wichita and the Wichita Public Building Commission, where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at year end are as follows (expressed in thousands of dollars):

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
<u>Primary Government</u>			
<u>Enterprise Funds:</u>			
<u>Water and Sewer:</u>			
1997-Water & Sewer	4.50 - 5.00%	2016	\$ 47,480
1998-Water & Sewer	4.15 - 4.70%	2012	19,345
1999-Water & Sewer	4.00 - 6.00%	2018	38,900
2000A-Water	4.69%	2021	2,382
2000B-Water	4.69%	2021	4,101
2001-Water & Sewer	3.00 - 4.45%	2009	10,930
2003-Water & Sewer	2.00 - 5.25%	2028	119,365
<u>Wichita Airport Authority:</u>			
<u>Wichita Airport Hotel</u>			
Associates, L.P.-Series 1992	7.00%	2005	2,185
Airborne Freight Corp, Series A, 1994	6.30 - 6.75%	2009	530
Learjet, Inc.-Series A, 1995	7.00%	2005	314
Federal Express-Series A&B, 1997	6.45%	2013	935
Learjet, Inc.-Series A, 1997	7.00%	2007	2,999
Executive Aircraft Corp.-Series 1999	5.40 - 6.75%	2014	2,540
Cessna Aircraft Company-Series 2000	8.00%	2009	11,203
Yingling Aircraft-Series 2001	7.50%	2021	1,300
Cessna Aircraft Corp. - Series A, 2002	6.25%	2032	49,300
FlightSafety - Series A, 2003	Variable*	2031	2,860
Total Primary Government			<u>\$ 316,669</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

9. Long-Term Debt (continued)

B. Revenue Bonds (continued)

<u>Component Unit</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
Wichita Public Building Commission:			
Wichita State University, Series K, 1999	5.00%	2007	1,200
Wichita State University, Series L, 2001	3.00 - 5.00%	2017	15,350
Kansas Sports Hall of Fame, Series M, 2003	2.25 - 4.40%	2023	1,645
State Office Building			
Refunding Series N, 2003	2.00 - 4.00%	2014	<u>13,880</u>
Total Component Unit -			
Wichita Public Building Commission			<u>\$32,075</u>

*The FlightSafety – Series A, 2003 bonds have a variable interest rate, adjustable weekly based on the rate at which the bonds can be remarketed at par, as determined by a remarketing agent, with an interest rate ceiling of 15 percent. The interest rate utilized to calculate the debt service requirements was the effective rate on December 31, 2004 of 2.04 percent.

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Business-type Activities</u>		<u>Component Unit WPBC</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 14,628	\$ 30,824	\$ 2,560	\$ 1,203
2006	12,692	28,247	2,760	1,126
2007	13,331	28,300	2,525	1,036
2008	12,050	26,407	2,425	949
2009	24,466	38,296	2,505	866
2010 - 2014	69,893	124,829	13,980	2,860
2015 - 2019	59,932	97,833	4,865	499
2020 - 2024	39,527	64,946	455	42
2025 - 2029	17,990	35,853	-	-
2030 - 2032	<u>52,160</u>	<u>59,970</u>	<u>-</u>	<u>-</u>
Totals	<u>\$316,669</u>	<u>\$ 535,505</u>	<u>\$ 32,075</u>	<u>\$ 8,581</u>

The Water Utility maintains a contract payable to the U.S. Department of Interior for construction of Cheney Reservoir, which was issued for \$5,754,025 in January, 1961. The liability is payable in annual installments on October 1. The remaining balance on December 31, 2004 is \$277,803 calling for the last principal installment in 2005 plus interest at 2.625 percent. Debt service requirements to maturity for the Water Utility contract payable are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 278	\$ 7

C. Section 108 Loans

In April 1999, the City entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for funding of \$3,610,000 for the construction of a manufacturing, training, and employment center on 21st Street. The City entered into an operating lease with Cessna Aircraft Company for rental of the facility, with rental payments designed to cover principal and interest owed by the City on the loan. See footnote 12.A. – Operating Leases, for further disclosure. Interest rates for amounts outstanding under the loan range from 5.75 percent to 6.33 percent.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

9. Long-Term Debt (continued)

C. Section 108 Loans (continued)

The City also has entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) to stimulate economic development through a low interest business loan program. The City has drawn \$3,000,000 from (HUD) for lending to qualifying business enterprises, to be repaid beginning in 2007 through 2022. At the close of 2004, \$2,484,000 was available for lending under business loan program. Interest rates on the amount outstanding vary based on the London Interbank Offered Rates (LIBOR) but are estimated to average 4.67 percent over the life of the loan. Debt service requirements to maturity for the HUD Section 108 loans are as follows (expressed in thousands of dollars):

Year ending December 31	Governmental Activities	
	Principal	Interest
2005	\$ 220	\$ 292
2006	235	280
2007	300	265
2008	310	249
2009	330	230
2010 - 2014	1,985	791
2015 - 2019	1,150	336
2020 - 2022	1,000	50
Totals	<u>\$ 5,530</u>	<u>\$ 2,493</u>

D. Other Long-Term Obligations

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure. Estimated postclosure costs for the required remaining 26.75 years totaled \$24,769,912, or \$925,978 annually. Additionally, closure costs totaling \$83,153 and \$49,359 have been reported for the construction and demolition landfill and the industrial monofill landfill for asbestos waste, respectively. These costs will be liquidated from prior years' landfill fees accumulated in the Landfill Postclosure Fund. See footnote 18.—Landfill Closure and Postclosure Care, for further disclosure.

E. Changes in Long-Term Debt

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the following totals for governmental activities. At year-end, compensated absences totaling \$324,596 are included in the amounts below. Also, for governmental activities, compensated absences are generally liquidated by the General Fund.

Long-term liability activity for the year ended December 31, 2004, is as follows (expressed in thousands of dollars):

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
Bonds payable:					
General obligation bonds	\$ 200,536	\$ 70,335	\$ (35,206)	\$ 235,665	\$ 29,842
Special assessment debt with government commitment	160,865	78,940	(33,085)	206,720	30,790
Unamortized amount on refunding	-	(214)	3	(211)	-
Unamortized premium	<u>3,972</u>	<u>5,532</u>	<u>(400)</u>	<u>9,104</u>	<u>-</u>
Total bonds payable	365,373	154,593	(68,688)	451,278	60,632

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

9. Long-Term Debt (continued)

E. Changes in Long-Term Debt (continued)

	Beginning			Ending	Due Within
<u>Governmental activities</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One year</u>
Bond anticipation notes	22,969	23,160	(22,969)	23,160	23,160
Section 108 loan	2,735	3,000	(205)	5,530	220
Accreted interest	2,457	545	(218)	2,784	-
Compensated absences	7,340	7,453	(7,142)	7,651	6,638
Landfill closure and postclosure care	<u>27,050</u>	<u>59</u>	<u>(2,207)</u>	<u>24,902</u>	<u>926</u>
Total long-term liabilities – Governmental activities	<u>\$ 427,924</u>	<u>\$ 188,810</u>	<u>\$ (101,429)</u>	<u>\$ 515,305</u>	<u>\$ 91,576</u>
<u>Business-type activities</u>					
Bonds payable:					
General obligation bonds	\$ 18,822	\$ -	\$ (2,976)	\$ 15,846	\$ 3,075
Revenue bonds	330,483	-	(13,814)	316,669	14,628
Unamortized premium	5,515	-	(261)	5,254	-
Deferred amount on refunding	<u>(914)</u>	<u>-</u>	<u>109</u>	<u>(805)</u>	<u>-</u>
Total bonds payable	353,906	-	(16,942)	336,964	17,703
Contract payable	548	-	(270)	278	278
Compensated absences	<u>1,314</u>	<u>1,358</u>	<u>(1,290)</u>	<u>1,382</u>	<u>1,199</u>
Total long-term liabilities – Business-type activities	<u>\$355,768</u>	<u>\$ 1,358</u>	<u>\$ (18,502)</u>	<u>\$ 338,624</u>	<u>\$ 19,180</u>
<u>Building Commission (WPBC)</u>					
Bonds payable:					
Revenue bonds	\$33,505	\$ -	\$ (1,430)	\$32,075	\$2,560
Unamortized premium	<u>442</u>	<u>-</u>	<u>(23)</u>	<u>419</u>	<u>-</u>
Total long term liabilities - WPBC	<u>\$33,947</u>	<u>\$ -</u>	<u>\$ (1,453)</u>	<u>\$32,494</u>	<u>\$2,560</u>

F. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective Enterprise Funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2004, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

G. Current and Crossover Refunding of Long-Term Debt

On December 1, 2004, the City issued \$18,180,000 in general obligation bonds with a net interest cost of 2.79 percent to refund the outstanding balances on 1993 Series 733 with a net interest cost of 2.57 percent, 1995 Series 739 with a net interest cost of 2.90 percent, 1997 Series 746 with a net interest cost of 3.15 percent and 1997 Series 748 general obligation bonds with a net interest cost of 3.10 percent. As a result, the Series 733, Series 739, Series 746 and Series 748 general obligation bonds are considered to be defeased and the liability for the bonds has been removed from the long-term debt of the City. The City completed the current refunding to reduce the total debt service payments over the next 8 years by \$1,602,724 and to obtain an economic gain (difference between

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

9. Long-Term Debt (continued)

G. Current and Crossover Refunding of Long-Term Debt (continued)

the present values of the old debt service payments versus the new debt service payments) of \$1,475,450.

On December 1, 2004, the City issued \$12,070,000 in general obligation bonds with a net interest cost of 2.79 percent to refund \$3,955,000 of 1998 Series 753 with a net interest cost of 2.62 percent, \$5,790,000 of 1999 Series 757 with a net interest cost of 2.78 percent and \$2,325,000 of 1999 Series 954 general obligation bonds with a net interest cost of 2.79 percent. To complete the current refunding, the City placed in escrow an amount sufficient to pay the unpaid balances on each of the bond issues and fully defease the bonds. Series 753, Series 757 and Series 954 general obligation bonds are considered to be fully defeased and the liability for the bonds has been removed from the long-term debt of the City. The City completed the current refunding to reduce the total debt service payments over the next 5 years by \$587,440 and to obtain an economic gain of \$549,810.

On December 1, 2004, the City issued \$41,730,000 in general obligation bonds with a net interest cost of 3.60 percent for a crossover refunding of 1998 Series 750 with a net interest cost of 3.43 percent, 1998 Series 752 with a net interest cost of 3.42 percent, 1999 Series 756 with a net interest cost of 3.58, 2000 Series 758 with a net interest cost of 3.74 percent, 2000 Series 760 with a net interest cost of 3.75 percent, 1998 Series 950 with a net interest cost of 3.48 percent and 1999 Series 955 with a net interest cost of 3.63 percent. The proceeds of the crossover advance refunding bonds have been placed into an escrow account to temporarily meet the debt service requirements of the old bonds and the interest on the new bonds up to the each crossover date.

At the crossover date, the resources in the escrow account will cease to pay scheduled principal and interest payments, but will pay the outstanding balance of the bonds and accrued interest. Until the balance of the bonds are fully paid, the bonds are not considered to be legally defeased and continue to be recorded as a liability of the City. The City has recorded the outstanding liability of the bonds issued on December 1, 2004 and the corresponding funds in escrow.

General obligation bond Series 750, Series 752 and Series 950 have a crossover date of September 1, 2005; Series 756 and Series 955 have a crossover date of September 1, 2006; and Series 758 and Series 760 have a crossover date of September 1, 2007. Upon the final payment on each of the bond series, the bonds will be considered legally defeased and the liability will be removed from the long-term debt of the City.

The City completed the crossover advance refunding to reduce the total debt service payments over the next 11 years by \$2,132,722 and to obtain an economic gain of \$1,754,273.

10. Prior-Year Defeasance of Debt

In prior years, the City and the Wichita Public Building Commission defeased certain general obligation, revenue, and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. At December 31, 2004, \$9,721,000 from the Wichita Public Building Commission are considered defeased.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

11. Temporary Notes Payable

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. Temporary notes outstanding at December 31, 2004 are payable as follows:

<u>Primary Government</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Capital Projects Funds:			
Street and Bridge Improvements - Series 208	3.0 %	\$21,310,400	02/17/05
Water Improvements -Series 208	3.0 %	2,655,800	02/17/05
Sewer Improvements – Series 211	3.0 %	16,396,300	02/17/05
Public Improvements -Series 208	3.0 %	11,161,000	02/17/05
Park Improvements -Series 208	3.0 %	176,000	02/17/05
Enterprise Funds:			
Storm Water Utility Improvements - Series 211	3.0%	<u>600,500</u>	02/17/05
Total Reporting Entity		<u>\$52,300,000</u>	

During 2004, the City issued \$145,110,000, retired \$166,120,000 and reclassified \$23,160,000 of temporary notes for various capital improvement projects activities.

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
\$73,310,000	\$145,110,000	\$166,120,000	\$52,300,000

12. Leases

A. Rentals Under Operating Leases

The City and the Airport Authority lease facilities and land to various airlines, concessionaires, commercial entities and others. These leases are for varying periods, from one month to 40 years, and require the payment of minimum annual rentals. The following are future minimum rentals of non-cancelable operating leases:

<u>Year ending December 31</u>	<u>Minimum Rentals of Non-cancelable Operating Leases</u>
2005	\$ 5,969,878
2006	5,169,204
2007	3,010,839
2008	2,699,686
2009	2,300,197
2010 - 2014	9,329,063
2015 - 2019	9,532,581
2020 - 2024	7,723,846
2025 - 2029	4,319,350
2030 - 2034	2,289,621
2035 - 2039	1,669,872
2040 - 2044	<u>1,524,846</u>
Total minimum future rentals	<u>\$ 55,538,983</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

12. Leases (continued)

A. Rentals Under Operating Leases (continued)

The above amounts do not include contingent rentals that may be received under certain leases; such contingent rentals totaled \$1,635,357 in 2004.

B. Direct Financing Leases

The Wichita Airport Authority (WAA) has authorized the construction of buildings on Authority- owned land by 21 tenants. The tenants lease the land from the WAA for periods ranging from two months to 40 years with renewal options ranging from five to 25 years. The WAA has assisted in the financing of certain of these buildings through the issuance of Airport Facility Revenue Bonds.

The Wichita Public Building Commission (WPBC) has assisted in the financing of buildings and facilities for The Wichita State University, the State of Kansas and Kansas Sports Hall of Fame through the issuance of revenue bonds and by entering into lease agreements with the Board of Trustees of the University, the State of Kansas and the Kansas Sports Hall of Fame. These bonds are payable from lease payments that are made directly to a trustee for the purpose of retiring the principal and interest of the related bonds as they mature.

Additionally, lease payments for Wichita State University are secured by a pledge of the surplus on an ad valorem tax levy in amounts sufficient to guarantee the rentals under the leases. Such surplus consists of the proceeds of one and one-half (1½) mill tax levy on all tangible property within the City of Wichita which is not needed to guarantee the rentals due under certain leases from the WPBC to the Board of Trustees of The Wichita State University.

Pursuant to lease agreements for the financing of the Finney State Office Building, the City of Wichita and Sedgwick County are contingently liable and will make rental payments, as necessary, to supplement the rental payments to be paid by the State of Kansas so that the total shall be sufficient to pay the debt service on the revenue bonds.

The financing of these facilities by the WAA and the WPBC represent direct financing leases and accordingly, the net investments of such leases are recorded on the respective enterprise fund and component unit balance sheets as restricted assets. The following lists the components of the net investment in direct financing leases as of December 31, 2004:

	WAA	WPBC	Total
Total minimum lease payments to be received	\$ 168,580,266	\$ 40,656,306	\$ 209,236,572
Less: unearned income	94,414,113	8,581,306	102,995,419
Net investment in direct financing leases	\$ 74,166,153	\$ 32,075,000	\$ 106,241,153

The future minimum lease rentals to be received under direct financing leases are as follows:

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

12. Leases (continued)

B. Direct Financing Leases (continued)

Year ending December 31	Airport Authority	Wichita Public Building Commission	Total
2005	\$ 8,371,289	\$ 3,763,196	\$ 12,134,485
2006	5,772,559	3,886,466	9,659,025
2007	5,775,149	3,560,824	9,335,973
2008	4,640,666	3,374,209	8,014,875
2009	16,068,631	3,370,586	19,439,217
2010 - 2014	18,983,202	16,840,234	35,823,436
2015 - 2019	16,185,470	5,354,311	21,539,781
2020 - 2024	17,115,240	506,480	17,621,720
2025 - 2029	15,697,970	-	15,697,970
2030 - 2033	59,970,090	-	59,970,090
Total minimum future rentals	<u>\$ 168,580,266</u>	<u>\$ 40,656,306</u>	<u>\$ 209,236,572</u>

13. Conduit Debt Obligations

From time to time the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Industrial Revenue Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2004, there were 145 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$4,720,883,726.

Special Facility Revenue Bonds have been issued by the Wichita Airport Authority to provide for the construction of buildings on Authority-owned land. The bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of rentals to be received from lease agreements between the Authority and various tenants. The bonds do not constitute a debt or pledge of the faith and credit of the City or the Airport Authority. At December 31, 2004, 11 series of Special Facility Revenue Bonds were outstanding totaling \$74,166,153. See Note 12.B., Direct Financing Leases, for further disclosure.

To assist in the financing of buildings, facilities, and equipment for other governmental units, the Wichita Public Building Commission has issued four series of revenue bonds. These bonds are secured by the property financed and are payable from payments received based on underlying lease agreements. As of December 31, 2004, the aggregate principal amount payable was \$32,075,000. See Note 12.B., Direct Financing Leases, for further disclosure.

14. Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. During

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

14. Interfund Transfers (continued)

the year ended December 31, 2004, interfund transfers totaled \$76,509,787, that is, both transfer revenue and expenditures were each \$76,509,787. Additional information is provided in the table summary.

Non-routine transfers from the General Fund to nonmajor governmental funds consisted primarily of \$1.3 million for economic development activities and various capital projects.

The Debt Service Fund transfers of \$22.5 million to nonmajor governmental funds reflect transfers to capital project funds to retire temporary notes.

Transfers to	Transfers from									
	General	Street Improvement	Debt Service	Nonmajor Governmental	Water	Sewer	Airport	Nonmajor Enterprise	Internal Service	Total
Major Funds:										
General Fund	\$ -	\$ -	\$ -	\$ 2,222	\$ 1,379	\$ 845	\$ 763	\$ 80	\$ -	\$
Federal/State Assistance	20	-	-	-	-	-	-	-	-	20
Street Improvement	-	-	314	5,983	-	-	-	-	-	6,297
Debt Service Fund	-	-	-	16,072	-	-	-	-	970	17,042
NonMajor Governmental	4,811	10,108	22,528	4,689	-	-	-	122	527	42,785
Water	-	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	99	-	-	-	-	99
NonMajor Enterprise	3,475	-	308	-	-	-	-	492	-	4,275
Internal Service	-	-	-	-	219	38	-	-	35	703
Total Primary	\$									\$
Government	<u>8,717</u>	<u>\$ 10,108</u>	<u>\$ 23,150</u>	<u>\$ 28,966</u>	<u>\$ 1,697</u>	<u>\$ 883</u>	<u>\$ 763</u>	<u>\$ 694</u>	<u>\$ 1,532</u>	<u>76,510</u>

15. Interfund Receivables/Payables

Interfund receivables/payables result from product or services provided to other funds or loans between funds. Individual fund receivable/payable balances at December 31, 2004 are as follows:

Fund	2004 Interfund Receivables
General Fund	\$ 25,000
Federal and State Assistance Funds:	
Police Federal Grants Subfund	420,869
Debt Service Fund	529,944
Internal Service Funds	
Self-Insurance Fund	3,500,000
Nonmajor governmental funds:	
Local Sales Tax CIP Fund	14,646,880
Total	<u>\$ 19,122,693</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

15. Interfund Receivables/Payables (continued)

<u>Fund</u>	<u>2004 Interfund Payables</u>
Street Improvement Fund	\$ 3,410,154
Nonmajor Governmental Funds:	
Self-Supporting Municipal District	25,000
Water Main Extension Fund	2,007,575
Park Bond Construction Fund	289,419
Public Improvement Construction Fund	3,500,000
Sewer Construction Fund	8,939,732
Federal and State Assistance Funds:	
Unified Work Program Subfund	144,074
Workforce Investment Act Subfund	49,421
Emergency Shelter HUD Subfund	17,584
Federal Health Projects Subfund	133,021
Emergency Shelter SRS Subfund	18,378
HOME Program Subfund	58,391
Nonmajor Enterprise Funds	529,944
Total	<u>\$ 19,122,693</u>

Interfund receivables/payables at the end of December 2004 include a cash advance from the Police Federal Grants to the various federal and state assistance subfunds for which grant drawdowns are pending. The Self-Insurance Fund of the internal service funds has a 24 month interest-bearing loan to the Public Improvement Construction Fund, supported by an executed note for an economic development project. The note will come due in 2005. Most significant are the receivables in the Local Sales Tax CIP Fund of \$14.6 million to the Capital Project Funds until projects are completed and long term financing has been secured.

16. Reserves and Designations of Fund Balances

Reserved fund balance is reported to denote portions of fund balance that are either (1) legally restricted for a specific future use or (2) not available for appropriation or expenditures. The following reservations of fund balance are used by the City: [1] reserved for encumbrances - used to segregate a portion of fund balance for expenditures upon vendor performance; [2] reserved for inventory – used to segregate a portion of fund balance to indicate that inventories do not represent available or spendable resources, and [3] reserved for prepaid items – used to segregate a portion of fund balance to indicate that prepaid items do not represent available or spendable resources.

The following designations of fund balances are reflected in the governmental fund financial statements. A fund balance designation is reported in the amount of \$12,979,625 for the General Fund for the subsequent year's appropriation. Of the unreserved fund balance of the Debt Service Fund, \$20,507,080 is designated for future debt service requirements. \$45,450,885 of the Debt Service Fund balance is held in escrow as a result of a cross over refunding bond sale and is designated for repayment and defeasement of general obligation bonds Series 750, Series 752 and Series 950. Additional information regarding the crossover refunding is located in Note 9-H of these notes to the financial statements.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

17. Passenger Facility Charges

In 1994, the Wichita Airport Authority first received approval from the Federal Aviation Administration to impose and use a passenger facility charge (PFC) of \$3 for each eligible passenger utilizing Wichita Mid-Continent Airport, effective December 1, 1994. The first funds were received by the Wichita Airport Authority in January 1995. The charge is collected by all carriers and remitted to the Airport Authority, less an \$.08 per passenger handling fee from January 1, through April 2004. Beginning May 1, 2004, the handling fee increased to \$.11 per passenger. The proceeds from the PFC are restricted to use for certain FAA approved capital improvement projects. As of December 31, 2004, the Airport Authority has submitted and received approval on four applications with a total amended authorized amount of \$25,595,809 of which \$18,440,834 has been collected.

18. Landfill Closure and Postclosure Care

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover on the municipal solid waste facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Accordingly, a liability of \$24,769,912 for postclosure care for the remaining 26.75 years has been reported as a long-term liability of governmental activities on the Statement of Net Assets as of December 31, 2004.

During 2001, the City was granted permission to operate a construction and demolition (C&D) landfill at the existing Brooks site. The C & D landfill began operation on October 1, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date. As of December 31, 2004, a long-term liability of \$83,153 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 17.9 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$381,652 as the remaining capacity is filled. Based on activity to date, the City of Wichita expects the C&D landfill to close in approximately 2019, or as capacity is reached.

In May 2002, the City began operation of an industrial monofill landfill for asbestos waste at the existing Brooks Landfill site. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date.

As of December 31, 2004, a long-term liability of \$49,359 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 10.4 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$426,756 as the remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2023, or as capacity is reached.

The estimates are subject to change due to inflation, deflation, technology, laws and regulations.

Financial assurance for closure and post-closure care costs of the landfills has been demonstrated by the local government financial test, as specified in 40 CFR 258.74(f), adopted by reference for use in Kansas

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

18. Landfill Closure and Postclosure Care (continued)

by K.A.R. 28-29-98. The Landfill Postclosure Fund and landfill tipping fees will provide the primary source of funding for the landfills' closure and postclosure costs. Additional financing needs beyond those met by the fund and user fees will potentially require the sale of bonds.

19. Prior Period Adjustments

Operation of a landfill requires that specified fees be collected at the landfill and remitted to the State of Kansas. In prior years, the fees were collected and recorded in a custodial deposit account, while the remittances to the State of Kansas were made from operational resources. Consequently, a prior period adjustment of \$394,174 was recorded to adjust the custodial deposit account for remittances of prior years made out of operating expenses, resulting in an increase to the net assets of the Landfill Fund.

20. Contingencies and Commitments

A. Legal Matters

The reporting entity generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated. The reporting entity is vigorously defending its interest in all of the various legal actions and claims against the reporting entity presently pending involving personal injury (including workers' compensation claims), property damages, civil rights complaints, and other miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. In the opinion of management and its legal counsel, the probability of material aggregate liabilities resulting from these claims will not have an adverse material effect on the reporting entity's basic financial statements.

Under Kansas Statutes, should the courts sustain any of the litigation against the reporting entity, the City may issue no-fund warrants to cover any resulting over-expenditures not anticipated in the current year budget. The City is then required to levy sufficient ad valorem property taxes in the first levying period following issuance to retire such warrants. This tax levy is without limitation.

B. Grant Programs

The City participates in a number of Federal and State assisted grant programs, which are subject to financial, and compliance requirements with each applicable grant and any disallowed costs resulting from such audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the basic financial statements of the City at December 31, 2004.

C. Environmental Matters

Gilbert and Mosley Groundwater Contamination Site. An area near the City's downtown has been designated by the Kansas Department of Health and Environment (KDHE) as the Gilbert and Mosley groundwater contamination site. In order to address this site – protect human health and the environment, develop a clean-up plan and avert property value decline within the site - the City entered into an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS). Through this agreement the City has undertaken the obligation to perform the RI/FS and to

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

perform such corrective measures as may be indicated by the RI/FS. A tax increment financing district (TIF) was established to raise funds for obligations the City may incur under the agreement with KDHE. The City also pursued cost recovery from potentially responsible parties (PRPs), and a portion of the costs have been recovered.

In January 1994, the KDHE completed its review of the RI portion of the report and made it available for review by the public. The RI report describes the nature and extent of contamination at the site.

The FS portion of the report was approved by the State in 1994 and the Corrective Action Decision for Interim Groundwater Remediation was issued by the Kansas Department of Health and Environment for the site. The FS outlined the methods that are to be used for clean-up of the site and the Corrective Action Decision for Interim Groundwater Remediation specified the conditions the City must meet in terms of clean-up levels and containment of the down gradient contamination.

The Gilbert and Mosley Site Final Design Report, Final Interim Groundwater Remediation Plumes ABE, was approved by KDHE on October 5, 2000, and the Remedial Action Work Plan was approved by KDHE on March 1, 2001. The remediation system for plumes ABE has been constructed and cleanup of the groundwater commenced in December of 2002. Thirteen pumping wells and five and one half miles of pipeline were installed as part of the treatment system. As of March 2005, 942 million gallons of water have been cleaned.

Sixteen source locations have been identified as contributing to the down gradient groundwater contamination. Seven source locations (sites) have been declared orphan sites. Three of the orphan sites will require remedial action by the City and are under investigation as required by the agreement with KDHE.

In 1998, the City filed a lawsuit to recover its costs to cleanup and protect the groundwater. The action was filed against 26 defendants that owned or operated businesses at fifteen locations within the site. Settlements with a value of \$10 million (cash payments, future payments and reduced City responsibilities) were made with a number of the PRPs before and during litigation. The Federal Court trial of the claims against the remaining four defendants was held in 2002.

The Court rendered its decision in 2004. The Court found three defendants liable for groundwater contamination and allocated to each of those defendants liability for a portion of the past and future costs of investigation and remediation. In addition, the Coleman Company had initially committed to paying its share of the cleanup cost through a joint agreement with the City of Wichita. Arbitration of the allocation of those costs also concluded in 2004. The City received reimbursement for the allocated share of past costs from each of these PRPs and the Coleman Company and continues to invoice for reimbursement of future costs from these parties as they occur.

In January of 2002, the net present value of the proposed down gradient plume cleanup plan was estimated to total approximately \$16.4 million. Source area investigations and control were projected to be another \$9.7 million. Since the estimate was prepared, additional investigations, work plans and settlements have occurred that have reduced the City's obligation for some of the source areas and

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

plumes of contamination. The cost recovery efforts were intended to seek recovery from the parties responsible for the contamination and minimize the use of the tax increment financing (TIF) district. In 2004, the Legislature approved changes to the law that would allow the City to extend the lifetime of the TIF district. A recalculation of the net present value of the estimated total costs is planned.

Court documents, under compilation at this time, will allow revision of the past costs and estimated future costs. The costs of cleanup, along with the costs of investigation and design, were sought from potentially responsible parties in the cost recovery lawsuit. The cost recovery efforts are intended to seek recovery from the parties responsible for the contamination and minimize the use of the tax increment-financing district.

North Industrial Corridor Groundwater Contamination Site. In 1995, the City took action to apply the Gilbert and Mosley model to another portion of the community, known as the North Industrial Corridor (NIC). The City of Wichita signed an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS) with conditions similar to those identified in the Gilbert and Mosley site. Since the 1995 signing of the agreement, the City has had the NIC Site removed from the National Priority List (NPL). The City has created a tax increment financing district to finance portions of the project. In addition, the City has entered into an agreement with more than 25 businesses in the area, called the NIC Participant Group, that have provided partial funding for the RI/FS for the NIC site.

The investigation and cleanup plan is in the initial stages. To date, the City has created a tax increment-financing district and has signed an agreement with the Kansas Department of Health and Environment (KDHE) to conduct a Remediation Investigation and Feasibility Study (RI/FS) with conditions similar to those identified in the Gilbert and Mosley site.

The NIC Site Final Remedial Investigation Report has been completed and has been submitted to KDHE for approval (June 2004). Currently, the City is continuing PRP investigation and FS fieldwork and investigation. Upon approval of the RI, the feasibility study will be completed and submitted to KDHE. Submittal of the feasibility study is anticipated to occur in the later part of 2005. Until the remedial investigation and feasibility study for the NIC area is complete, a final resolution of cost sharing by potential responsible parties and the NIC Participants cannot be finalized; therefore a meaningful estimation of the total cost of investigation and cleanup activities is not currently available.

Brooks Landfill. In 1996, groundwater contamination was identified at the City-owned Brooks Landfill. As a result of this finding, the City entered into the appropriate agreements and permitting conditions regarding the investigation and cleanup of the contamination. The City installed and is operating cleanup facilities at the site to address the contamination.

In 2003, an additional contamination plume was found and a limited groundwater investigation was conducted by the City to evaluate the adequacy of the existing groundwater monitoring network along the south side of the Brooks site. KDHE then directed that a Release Assessment Plan be developed and once approved by KDHE, be implemented to determine the extent of the contamination. As of December 31, 2004, the City's consultant had prepared and received approval for the Release Assessment Plan, conducted initial field sampling, submitted the initial data to KDHE, and was in

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

negotiations with KDHE on what additional sampling, if any, would need to be undertaken to allow the report to be completed.

The related liability for the Brooks Landfill groundwater contamination cleanup is included in the total landfill closure and post-closure costs reflected in the general long-term debt, as of December 31, 2004. Note 18 - Landfill Closure and Post Closure Care, provides further disclosure regarding the future funding of landfill liabilities.

D. Construction Commitments

The City has outstanding construction commitments for freeway and arterial street construction and other capital improvements of \$53,547,806 at December 31, 2004. This amount is reflected as reserve for encumbrances in capital projects funds.

E. Public Building Commission Lease

The City of Wichita, in cooperation with Sedgwick County, entered into a lease agreement dated March 1, 1993 with the Wichita Public Building Commission in conjunction with the issuance of \$18,620,000 Revenue Bonds, Series H, 1993, to finance the acquisition, renovation, construction, and other specified improvements of a State Office Building and related parking facilities in downtown Wichita. In 2003, the original bonds on the State Office Building were refunded with the issuance of \$13,880,000 Revenue Bonds, Series N, 2003, to refinance the remaining debt at a lower interest cost.

The Wichita Public Building Commission previously entered into a lease agreement for the project with the State of Kansas regarding the acquisition and renovation of the former "Dillard's" building to provide rentable office space. Agencies of the State, including the Department of Social and Rehabilitation Services, lease office space in the State Office Building. The City/County lease is intended to be a "wrap-around" obligation wherein the City and County are contingently liable and will make rental payments, if necessary, to supplement the rental payments to be paid by the State pursuant to the State lease so that the total shall be sufficient to pay the principal of, premium, if any, and interest on the bonds.

In 2004, no such payments were required. The City of Wichita also serves as the Property Manager for the State Office Building and related parking facilities for the term of the lease.

F. Economic Development Activities

The City has established tax increment financing districts to support economic development activities, including the East Bank, 21st and Grove, and Old Town Redevelopment Districts. The City's contributions to these projects include streets, a waterwalk, meeting rooms for Expo Hall (adjacent to the downtown convention hotel), and a parking garage adjacent to the Hotel at Old Town, which are financed through the issuance of bonds of which \$19.3 million are outstanding.

In the event that property and guest tax revenues generated by the tax increment financing districts and the Hotel at Old Town are not sufficient, and other revenue sources are not available, under State law, the City would be required to levy additional property tax on all taxable tangible property in the City to meet debt service requirements for these projects.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

20. Contingencies and Commitments (continued)

F. Ice Sports Management

The Ice Sports Center of Wichita is managed under a third party contractual agreement with oversight provided by the City of Wichita. The City has advanced operating capital of \$144,484 to the Ice Sports management firm from which the operational costs are paid and replenished with operating revenue. Although operational costs are not paid directly by the City of Wichita, the City is liable for outstanding indebtedness incurred in accordance with the management contract. At December 31, 2004, Ice Sports had estimated outstanding liabilities of \$171,860 that with great probability will be satisfied with revenue from ongoing operations. As such, the estimated outstanding liability has not been recorded as a liability in the financial statements of the City.

21. Subsequent Events

On February 1, 2005, the City issued \$19,020,000 of 15-year general obligation bonds (Series 780 with an average interest rate of 3.8 percent. The City also issued \$4,140,000 in general obligation tax increment financing bonds (Series 958) with an average interest rate 3.8 percent. Further, the City issued \$57,585,000 general obligation renewal and improvement temporary notes (Series 213) with an average interest rate of 2.0 percent on February 1, 2005.

Accordingly, temporary notes payable totaling \$23,160,000 were reclassified as bond anticipation notes and are recorded as long-term liabilities of governmental activities, as of December 31, 2004. The notes in the amount of \$23,160,000 were refinanced through the issuance of general obligation bonds (Series 780, Series 777, and Series 958) on February 1, 2005.

CITY OF WICHITA, KANSAS

2004 PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

Wichita Employees' Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$ 433,366	\$ 370,399	\$ (62,967)	117.0	\$ 68,117	(92.4)
12/31/03	446,794	387,037	(59,757)	115.4	69,161	(86.4)
12/31/04	462,994	413,159	(49,835)	112.1	72,154	(69.1)

Wichita Police and Fire Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$ 361,687	\$ 340,524	\$ (21,163)	106.2	\$ 45,696	(46.3)
12/31/03	374,171	350,444	(23,726)	106.8	45,876	(51.7)
12/31/04	392,485	393,387	902	99.8	50,414	1.8

—— GOVERNMENTAL FUNDS ——

Nonmajor Special Revenue Funds

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

*Tourism and Convention
Downtown Trolley System
Special Alcohol Program
Special Parks and Recreation
Ice Rink Management
Landfill
Landfill Postclosure
Central Inspection
Economic Development
Sales Tax Pledge
Property Management Operations
State Office Building
Tax Increment Financing (TIF) Districts
Self-Supporting Municipal Improvement District
City-County
Art Museum Board*

Nonmajor Capital Projects Funds

The purpose of the Capital Projects Funds is to account for capital improvements (except those financed by proprietary funds) that are financed from the City's general obligation bond issues, special assessments, local sales tax, certain Federal grants and other City funds. Following are the nonmajor Capital Projects Funds:

*Water Main Extension
Park Bond Construction
Public Improvement Construction
Sewer Construction
Local Sales Tax CIP*

Permanent Fund

The Cemetery Fund is reported as a permanent fund and receives earnings from investments that are used for the perpetual care of two cemeteries maintained by the municipality.

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUND TYPES December 31, 2004 (with comparative totals for December 31, 2003)

	Governmental Fund Types				
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	2004 Totals	2003 Totals
ASSETS					
Cash and cash equivalents	\$ 55,804,164	\$ 31,283,162	\$ 578,437	\$ 87,665,763	\$ 67,260,626
Investments	-	-	251,446	251,446	253,966
Receivables, net:					-
Due from other agencies	128,500	300,000	-	428,500	1,110,500
Accounts	1,318,779	281,192	-	1,599,971	1,955,564
Interest	-	-	2,792	2,792	2,777
Due from other funds	-	14,646,880	-	14,646,880	16,420,308
Notes receivable	-	3,480,000	-	3,480,000	1,057,670
Total assets	\$ 57,251,443	\$ 49,991,234	\$ 832,675	\$ 108,075,352	\$ 88,061,411
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Accounts payable and other liabilities	\$ 904,069	\$ 456,427	\$ 5,150	\$ 1,365,646	\$ 1,639,609
Accrued interest payable	-	128,305	-	128,305	111,040
Temporary notes payable	-	17,759,500	-	17,759,500	21,263,218
Deposits	87,593	-	-	87,593	94,612
Due to other funds	25,000	14,736,726	-	14,761,726	20,627,308
Deferred revenue	1,155,000	120,000	-	1,275,000	470,000
Total liabilities	2,171,662	33,200,958	5,150	35,377,770	44,205,787
Fund balances (deficits):					
Reserved for encumbrances	2,693,413	8,922,918	-	11,616,331	13,192,460
Unreserved, undesignated	52,386,368	7,867,358	827,525	61,081,251	30,663,164
Total fund balances (deficits)	55,079,781	16,790,276	827,525	72,697,582	43,855,624
Total liabilities and fund balances	\$ 57,251,443	\$ 49,991,234	\$ 832,675	\$ 108,075,352	\$ 88,061,411

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2004

(with comparative totals for December 31, 2003)

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management
ASSETS					
Cash and cash equivalents	\$ 655,765	\$ 18,242	\$ 625,409	\$ 115,233	\$ 2,150
Receivables, net:					
Due from other agencies	-	-	-	-	100,000
Accounts	-	3,550	-	-	44,484
Total assets	<u>\$ 655,765</u>	<u>\$ 21,792</u>	<u>\$ 625,409</u>	<u>\$ 115,233</u>	<u>\$ 146,634</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other liabilities	\$ -	\$ 131	\$ 8,332	\$ -	\$ 44,484
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>131</u>	<u>8,332</u>	<u>-</u>	<u>44,484</u>
Fund balances:					
Reserved for encumbrances	50,000	-	155,996	-	-
Unreserved, undesignated	605,765	21,661	461,081	115,233	102,150
Total fund balances	<u>655,765</u>	<u>21,661</u>	<u>617,077</u>	<u>115,233</u>	<u>102,150</u>
Total liabilities and fund balances	<u>\$ 655,765</u>	<u>\$ 21,792</u>	<u>\$ 625,409</u>	<u>\$ 115,233</u>	<u>\$ 146,634</u>

Landfill	Landfill Postclosure	Central Inspection	Economic Development	Sales Tax Pledge	Property Management	State Office Building
\$ 4,946,366	\$ 29,000,844	\$ 1,131,033	\$ 2,088,769	\$ 6,445,237	\$ 1,593,389	\$ 788,546
-	-	-	-	-	3,500	-
-	-	14,045	1,231,700	-	-	-
<u>\$ 4,946,366</u>	<u>\$ 29,000,844</u>	<u>\$ 1,145,078</u>	<u>\$ 3,320,469</u>	<u>\$ 6,445,237</u>	<u>\$ 1,596,889</u>	<u>\$ 788,546</u>
\$ 8,273	\$ 2,743	\$ 2,359	\$ -	\$ -	\$ 156,435	\$ 15,032
-	-	56,000	-	-	7,179	-
-	-	-	-	-	-	-
-	-	-	1,155,000	-	-	-
<u>8,273</u>	<u>2,743</u>	<u>58,359</u>	<u>1,155,000</u>	<u>-</u>	<u>163,614</u>	<u>15,032</u>
23,473	75,244	10,346	1,345,871	-	7,263	40,000
<u>4,914,620</u>	<u>28,922,857</u>	<u>1,076,373</u>	<u>819,598</u>	<u>6,445,237</u>	<u>1,426,012</u>	<u>733,514</u>
<u>4,938,093</u>	<u>28,998,101</u>	<u>1,086,719</u>	<u>2,165,469</u>	<u>6,445,237</u>	<u>1,433,275</u>	<u>773,514</u>
<u>\$ 4,946,366</u>	<u>\$ 29,000,844</u>	<u>\$ 1,145,078</u>	<u>\$ 3,320,469</u>	<u>\$ 6,445,237</u>	<u>\$ 1,596,889</u>	<u>\$ 788,546</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2004

(with comparative totals for December 31, 2003)

	TIF Districts	Self-Supporting Municipal District	City- County	Art Museum Board	Totals	
					2004	2003
ASSETS						
Cash and cash equivalents	\$ 7,713,191	\$ 27,615	\$ 220,237	\$ 432,138	\$ 55,804,164	\$ 52,069,611
Receivables, net:						
Due from other agencies	-	25,000	-	-	128,500	810,500
Accounts	25,000	-	-	-	1,318,779	1,639,232
Total assets	<u>\$ 7,738,191</u>	<u>\$ 52,615</u>	<u>\$ 220,237</u>	<u>\$ 432,138</u>	<u>\$ 57,251,443</u>	<u>\$ 54,519,343</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other liabilities	\$ 173,377	\$ -	\$ 111,403	\$ 381,500	\$ 904,069	\$ 1,186,713
Deposits	-	-	24,414	-	87,593	94,612
Due to other funds	-	25,000	-	-	25,000	707,000
Deferred revenue	-	-	-	-	1,155,000	350,000
Total liabilities	<u>173,377</u>	<u>25,000</u>	<u>135,817</u>	<u>381,500</u>	<u>2,171,662</u>	<u>2,338,325</u>
Fund balances:						
Reserved for encumbrances	900,800	-	84,420	-	2,693,413	3,138,634
Unreserved, undesignated	6,664,014	27,615	-	50,638	52,386,368	49,042,384
Total fund balances	<u>7,564,814</u>	<u>27,615</u>	<u>84,420</u>	<u>50,638</u>	<u>55,079,781</u>	<u>52,181,018</u>
Total liabilities and fund balances	<u>\$ 7,738,191</u>	<u>\$ 52,615</u>	<u>\$ 220,237</u>	<u>\$ 432,138</u>	<u>\$ 57,251,443</u>	<u>\$ 54,519,343</u>

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CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2004

(with comparative totals for December 31, 2003)

	Water Main Extension	Park Bond Construction	Public Improvement Construction
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 11,634,449
Due from other agencies	-	-	300,000
Accounts receivable, net	-	729	280,463
Due from other funds	-	-	-
Notes receivable	-	-	3,480,000
	<u>-</u>	<u>-</u>	<u>3,480,000</u>
 Total assets	 <u>\$ -</u>	 <u>\$ 729</u>	 <u>\$ 15,694,912</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable and other liabilities	\$ 60,780	\$ 35	\$ 48,534
Accrued interest payable	11,212	743	47,124
Temporary notes payable	1,024,500	176,000	7,051,000
Due to other funds	2,007,575	289,419	3,500,000
Deferred revenue	-	-	120,000
	<u>-</u>	<u>-</u>	<u>120,000</u>
 Total liabilities	 <u>3,104,067</u>	 <u>466,197</u>	 <u>10,766,658</u>
 Fund balances:			
Reserved for encumbrances	467,169	1,413,752	5,507,694
Unreserved, undesignated	<u>(3,571,236)</u>	<u>(1,879,220)</u>	<u>(579,440)</u>
 Total fund balances (deficits)	 <u>(3,104,067)</u>	 <u>(465,468)</u>	 <u>4,928,254</u>
 Total liabilities and fund balances	 <u>\$ -</u>	 <u>\$ 729</u>	 <u>\$ 15,694,912</u>

Sewer Construction	Local Sales Tax CIP	Totals	
		2004	2003
\$ -	\$ 19,648,713	\$ 31,283,162	\$ 14,634,290
-	-	300,000	300,000
-	-	281,192	316,332
-	14,646,880	14,646,880	16,420,308
-	-	3,480,000	1,057,670
<u>\$ -</u>	<u>\$ 34,295,593</u>	<u>\$ 49,991,234</u>	<u>\$ 32,728,600</u>
\$ 347,078	\$ -	\$ 456,427	\$ 452,896
69,226	-	128,305	111,040
9,508,000	-	17,759,500	21,263,218
8,939,732	-	14,736,726	19,920,308
-	-	120,000	120,000
<u>18,864,036</u>	<u>-</u>	<u>33,200,958</u>	<u>41,867,462</u>
1,534,303	-	8,922,918	10,053,826
<u>(20,398,339)</u>	<u>34,295,593</u>	<u>7,867,358</u>	<u>(19,192,688)</u>
<u>(18,864,036)</u>	<u>34,295,593</u>	<u>16,790,276</u>	<u>(9,138,862)</u>
<u>\$ -</u>	<u>\$ 34,295,593</u>	<u>\$ 49,991,234</u>	<u>\$ 32,728,600</u>

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR GOVERNMENTAL FUND TYPES

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Governmental Fund Types				
	Special Revenue Funds	Capital Projects Funds	Permanent Fund - Cemetery	2004 Totals	2003 Totals
REVENUES					
Taxes	\$ 10,443,841	\$ -	\$ -	\$ 10,443,841	\$ 9,559,145
Special assessments	-	804,205	-	804,205	293,282
Local sales tax	22,369,484	-	-	22,369,484	19,867,702
Intergovernmental	4,344,318	260,168	-	4,604,486	4,078,942
Licenses and permits	4,110,286	-	-	4,110,286	3,870,876
Rentals	1,803,358	-	-	1,803,358	1,897,933
Interest earnings	500,776	257,247	35,532	793,555	889,042
Charges for services and sales	3,122,019	-	-	3,122,019	2,887,957
Other	4,571,651	2,464,518	1	7,036,170	7,123,274
Total revenues	<u>51,265,733</u>	<u>3,786,138</u>	<u>35,533</u>	<u>55,087,404</u>	<u>50,468,153</u>
EXPENDITURES					
Current:					
General government	7,307,380	-	21,476	7,328,856	6,270,752
Public safety	6,591,154	-	-	6,591,154	6,217,063
Sanitation	1,403,195	-	-	1,403,195	1,574,450
Health and welfare	3,576,333	-	-	3,576,333	4,604,631
Culture and recreation	4,792,363	-	-	4,792,363	4,372,142
Debt service:					
Principal retirement	-	14,875,582	-	14,875,582	6,236,454
Interest and fiscal charges	-	362,874	-	362,874	319,605
Capital outlay	-	42,050,988	-	42,050,988	59,524,155
Total expenditures	<u>23,670,425</u>	<u>57,289,444</u>	<u>21,476</u>	<u>80,981,345</u>	<u>89,119,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,595,308</u>	<u>(53,503,306)</u>	<u>14,057</u>	<u>(25,893,941)</u>	<u>(38,651,099)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term capital debt	-	40,523,083	-	40,523,083	43,263,587
Transfers from other funds	3,875,231	38,909,361	-	42,784,592	23,925,294
Transfers to other funds	(28,965,950)	-	-	(28,965,950)	(32,985,086)
Total other financing sources (uses)	<u>(25,090,719)</u>	<u>79,432,444</u>	<u>-</u>	<u>54,341,725</u>	<u>34,203,795</u>
Net change in fund balances	2,504,589	25,929,138	14,057	28,447,784	(4,447,304)
Fund balances - beginning	<u>52,181,018</u>	<u>(9,138,862)</u>	<u>813,468</u>	<u>43,855,624</u>	<u>48,302,928</u>
Prior period adjustment	<u>394,174</u>	<u>-</u>	<u>-</u>	<u>394,174</u>	<u>-</u>
Fund balances (deficits) - ending	<u>\$ 55,079,781</u>	<u>\$ 16,790,276</u>	<u>\$ 827,525</u>	<u>\$ 72,697,582</u>	<u>\$ 43,855,624</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management
REVENUES					
Taxes	\$ 4,926,127	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-	-
Intergovernmental	-	-	1,389,885	1,389,885	-
Licenses and permits	-	-	-	-	-
Rentals	-	(2,670)	-	-	-
Interest earnings	17,100	230	5,607	1,104	65
Charges for services and sales	-	96,809	-	-	1,135,783
Other	-	3	-	-	-
Total revenues	<u>4,943,227</u>	<u>94,372</u>	<u>1,395,492</u>	<u>1,390,989</u>	<u>1,135,848</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	1,598,390	-	-
Culture and recreation	2,180,001	111,772	-	-	1,178,182
Total expenditures	<u>2,180,001</u>	<u>111,772</u>	<u>1,598,390</u>	<u>-</u>	<u>1,178,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,763,226</u>	<u>(17,400)</u>	<u>(202,898)</u>	<u>1,390,989</u>	<u>(42,334)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	44,484
Transfers to other funds	(2,453,680)	-	-	(1,386,980)	-
Total other financing sources (uses)	<u>(2,453,680)</u>	<u>-</u>	<u>-</u>	<u>(1,386,980)</u>	<u>44,484</u>
Net change in fund balances	309,546	(17,400)	(202,898)	4,009	2,150
Fund balances - beginning	<u>346,219</u>	<u>39,061</u>	<u>819,975</u>	<u>111,224</u>	<u>100,000</u>
Prior period adjustment	-	-	-	-	-
Fund balances - ending	<u>\$ 655,765</u>	<u>\$ 21,661</u>	<u>\$ 617,077</u>	<u>\$ 115,233</u>	<u>\$ 102,150</u>

Landfill	Landfill Postclosure	Central Inspection	Economic Development	Sales Tax Pledge	Property Management	State Office Building
\$ -	\$ -	\$ 12,235	\$ -	\$ -	\$ -	\$ -
-	-	-	-	22,369,484	-	-
-	-	-	-	-	-	-
-	-	4,110,286	-	-	-	-
-	51,410	-	-	-	801,348	953,270
44,575	254,178	13,250	9,324	50,445	20,783	6,496
633,661	-	655,219	6,166	-	276,406	15,068
13,270	-	2,766	2,055,404	-	293,912	5,600
<u>691,506</u>	<u>305,588</u>	<u>4,793,756</u>	<u>2,070,894</u>	<u>22,419,929</u>	<u>1,392,449</u>	<u>980,434</u>
-	-	-	3,311,990	-	901,989	950,804
-	-	5,230,867	-	-	-	-
944,165	459,030	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>944,165</u>	<u>459,030</u>	<u>5,230,867</u>	<u>3,311,990</u>	<u>-</u>	<u>901,989</u>	<u>950,804</u>
<u>(252,659)</u>	<u>(153,442)</u>	<u>(437,111)</u>	<u>(1,241,096)</u>	<u>22,419,929</u>	<u>490,460</u>	<u>29,630</u>
-	-	-	1,247,240	-	-	-
-	(690,180)	-	-	(20,568,330)	(858,020)	-
-	(690,180)	-	1,247,240	(20,568,330)	(858,020)	-
(252,659)	(843,622)	(437,111)	6,144	1,851,599	(367,560)	29,630
<u>4,796,578</u>	<u>29,841,723</u>	<u>1,523,830</u>	<u>2,159,325</u>	<u>4,593,638</u>	<u>1,800,835</u>	<u>743,884</u>
<u>394,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,938,093</u>	<u>\$ 28,998,101</u>	<u>\$ 1,086,719</u>	<u>\$ 2,165,469</u>	<u>\$ 6,445,237</u>	<u>\$ 1,433,275</u>	<u>\$ 773,514</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2004

(with comparative totals for the year ended December 31, 2003)

	TIF Districts	Self-Supporting Municipal District	City- County	Art Museum Board	Totals	
					2004	2003
REVENUES						
Taxes	\$ 4,912,871	\$ 592,608	\$ -	\$ -	\$ 10,443,841	\$ 9,559,145
Local sales tax	-	-	-	-	22,369,484	19,867,702
Intergovernmental	260,000	-	1,304,548	-	4,344,318	4,002,820
Licenses and permits	-	-	-	-	4,110,286	3,870,876
Rentals	-	-	-	-	1,803,358	1,897,933
Interest earnings	75,328	-	-	2,291	500,776	723,622
Charges for services and sales	8	-	302,899	-	3,122,019	2,887,957
Other	2,200,666	-	30	-	4,571,651	597,026
Total revenues	<u>7,448,873</u>	<u>592,608</u>	<u>1,607,477</u>	<u>2,291</u>	<u>51,265,733</u>	<u>43,407,081</u>
EXPENDITURES						
Current:						
General government	57,859	589,880	1,494,858	-	7,307,380	6,247,143
Public safety	-	-	1,360,287	-	6,591,154	6,217,063
Sanitation	-	-	-	-	1,403,195	1,574,450
Health and welfare	1,977,943	-	-	-	3,576,333	4,604,631
Culture and recreation	-	-	-	1,322,408	4,792,363	4,372,142
Total expenditures	<u>2,035,802</u>	<u>589,880</u>	<u>2,855,145</u>	<u>1,322,408</u>	<u>23,670,425</u>	<u>23,015,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,413,071</u>	<u>2,728</u>	<u>(1,247,668)</u>	<u>(1,320,117)</u>	<u>27,595,308</u>	<u>20,391,652</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	-	1,304,547	1,278,960	3,875,231	5,265,232
Transfers to other funds	(3,008,760)	-	-	-	(28,965,950)	(26,771,397)
Total other financing sources (uses)	<u>(3,008,760)</u>	<u>-</u>	<u>1,304,547</u>	<u>1,278,960</u>	<u>(25,090,719)</u>	<u>(21,506,165)</u>
Net change in fund balances	2,404,311	2,728	56,879	(41,157)	2,504,589	(1,114,513)
Fund balances - beginning	<u>5,160,503</u>	<u>24,887</u>	<u>27,541</u>	<u>91,795</u>	<u>52,181,018</u>	<u>53,295,531</u>
Prior period adjustment	-	-	-	-	394,174	-
Fund balances - ending	<u>\$ 7,564,814</u>	<u>\$ 27,615</u>	<u>\$ 84,420</u>	<u>\$ 50,638</u>	<u>\$ 55,079,781</u>	<u>\$ 52,181,018</u>

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Water Main Extension	Park Bond Construction	Public Improvement Construction
REVENUES			
Special assessments	\$ 254,316	\$ -	\$ -
Intergovernmental	-	286,811	(26,643)
Interest earnings	-	-	-
Other	278,116	41,921	-
Total revenues	<u>532,432</u>	<u>328,732</u>	<u>(26,643)</u>
EXPENDITURES			
Debt service:			
Principal retirement	1,254,188	-	9,300,000
Interest and fiscal charges	30,889	1,247	177,783
Capital outlay	3,381,484	2,362,151	19,415,078
Total expenditures	<u>4,666,561</u>	<u>2,363,398</u>	<u>28,892,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,134,129)</u>	<u>(2,034,666)</u>	<u>(28,919,504)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term capital debt	4,688,556	4,684,300	14,073,241
Transfers from other funds	-	533,686	24,228,015
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>4,688,556</u>	<u>5,217,986</u>	<u>38,301,256</u>
Net change in fund balances	554,427	3,183,320	9,381,752
Fund balances (deficits) - beginning	<u>(3,658,494)</u>	<u>(3,648,788)</u>	<u>(4,453,498)</u>
Fund balances (deficits) - ending	<u>\$ (3,104,067)</u>	<u>\$ (465,468)</u>	<u>\$ 4,928,254</u>

Sewer Construction	Local Sales Tax CIP	Totals	
		2004	2003
\$ 549,889	\$ -	\$ 804,205	\$ 293,282
-	-	260,168	76,122
-	257,247	257,247	128,128
952,899	1,191,582	2,464,518	6,525,248
1,502,788	1,448,829	3,786,138	7,022,780
4,321,394	-	14,875,582	6,236,454
152,955	-	362,874	319,605
16,892,275	-	42,050,988	59,524,155
21,366,624	-	57,289,444	66,080,214
(19,863,836)	1,448,829	(53,503,306)	(59,057,434)
17,076,986	-	40,523,083	43,263,587
47,778	14,099,882	38,909,361	18,660,062
-	-	-	(6,213,689)
17,124,764	14,099,882	79,432,444	55,709,960
(2,739,072)	15,548,711	25,929,138	(3,347,474)
(16,124,964)	18,746,882	(9,138,862)	(5,791,388)
\$ (18,864,036)	\$ 34,295,593	\$ 16,790,276	\$ (9,138,862)

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Local government taxes					
Property taxes	\$ 50,586,220	\$ 50,586,220	\$ 50,551,647	\$ (34,573)	\$ 46,475,387
Delinquent property taxes	851,820	1,652,800	1,931,447	278,647	1,063,205
IRBs, In-lieu-of-taxes	20,000	20,000	-	(20,000)	6,968
WHA, in-lieu-of-taxes	30,000	30,000	39,171	9,171	31,441
Special assessments	21,350	21,350	8,173	(13,177)	31,597
Motor vehicle tax	7,660,660	7,486,150	8,024,548	538,398	7,529,917
Transient guest tax	-	-	(35)	(35)	-
Local sales tax	20,885,570	21,430,000	22,369,484	939,484	19,867,702
Franchise Fees	29,840,690	30,354,610	29,555,657	(798,953)	29,259,353
Total local government taxes	109,896,310	111,581,130	112,480,092	898,962	104,265,570
Licenses and permits	2,412,170	1,947,910	1,958,895	10,985	1,743,499
Fines and penalties	9,476,760	8,826,940	7,933,219	(893,721)	8,453,523
Intergovernmental	16,315,740	16,297,420	16,468,762	171,342	15,937,542
Charges for services and sales	7,502,190	8,680,140	7,292,035	(1,388,105)	6,953,579
Rental/lease income	2,463,070	2,502,140	2,258,046	(244,094)	2,277,308
Interest earnings	2,746,910	2,930,520	3,291,244	360,724	2,859,295
Reimbursed expenditures	721,130	2,096,580	2,374,965	278,385	516,145
Administrative fees	3,184,210	4,180,600	3,007,107	(1,173,493)	3,979,687
Revised budget adjustment	-	(4,369,910)	-	4,369,910	-
Total Revenues	154,718,490	154,673,470	157,064,365	2,390,895	146,986,148
EXPENDITURES					
City Council:					
Personal services	439,150	426,780	414,438	12,342	401,778
Contractual services	101,740	109,850	104,048	5,802	83,735
Materials and supplies	20,950	19,700	18,489	1,211	14,671
Other	7,750	-	-	-	-
Total City Council	569,590	556,330	536,975	19,355	500,184
City Manager:					
Personal services	420,380	447,790	447,977	(187)	414,284
Contractual services	41,600	104,310	34,253	70,057	63,236
Materials and supplies	4,100	34,100	8,644	25,456	7,581
Contingency	-	7,290	-	7,290	-
Total City Manager	466,080	593,490	490,874	102,616	485,101
Department of Finance:					
Personal services	2,903,740	2,944,020	2,625,093	318,927	2,637,769
Contractual services	636,320	644,120	555,718	88,402	559,352
Materials and supplies	32,180	33,850	21,831	12,019	25,625
Total Department of Finance	3,572,240	3,621,990	3,202,642	419,348	3,222,746

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
Law Department:					
Personal services	1,564,750	1,614,000	1,552,981	61,019	1,554,752
Contractual services	220,290	237,790	234,414	3,376	226,705
Materials and supplies	6,870	6,870	4,481	2,389	2,565
Total Law Department	1,791,910	1,858,660	1,791,876	66,784	1,784,022
Municipal Court:					
Personal services	3,032,730	3,220,410	2,980,143	240,267	2,938,148
Contractual services	1,634,330	1,761,250	1,340,324	420,926	1,321,447
Materials and supplies	86,730	87,540	74,655	12,885	54,658
Capital outlay	-	-	-	-	7,189
Total Municipal Court	4,753,790	5,069,200	4,395,122	674,078	4,321,442
Fire Department:					
Personal services	25,424,560	25,967,530	26,028,489	(60,959)	23,680,462
Contractual services	1,500,620	1,526,380	1,507,383	18,997	1,292,087
Materials and supplies	503,820	533,970	524,342	9,628	464,206
Capital outlay	20,900	-	-	-	-
Total Fire Department	27,449,900	28,027,880	28,060,214	(32,334)	25,436,755
Police Department:					
Personal services	47,449,610	48,924,380	48,304,532	619,848	44,831,940
Contractual services	5,371,410	5,429,990	5,287,974	142,016	4,610,727
Materials and supplies	712,420	710,880	674,815	36,065	653,447
Capital outlay	-	6,410	6,097	313	-
Other	-	230	35,224	(34,994)	-
Contingency	12,230	-	-	-	-
Total Police Department	53,545,670	55,071,890	54,308,642	763,248	50,096,114
Library:					
Personal services	4,430,850	4,550,410	4,481,241	69,169	4,235,610
Contractual services	1,045,580	1,072,560	971,939	100,621	854,795
Materials and supplies	758,630	759,230	750,332	8,898	643,014
Capital outlay	-	-	-	-	3,037
Total Library	6,235,060	6,382,200	6,203,512	178,688	5,736,456
Public Works:					
Personal services	4,155,450	4,015,820	4,198,075	(182,255)	3,807,266
Contractual services	4,739,530	4,795,840	4,652,609	143,231	4,317,247
Materials and supplies	541,160	550,490	538,748	11,742	464,999
Capital outlay	3,800	23,800	22,813	987	29,128
Total Public Works	9,439,940	9,385,950	9,412,245	(26,295)	8,618,640

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
Environmental Health:					
Personal services	2,388,830	2,409,360	2,277,825	131,535	2,137,826
Contractual services	923,110	897,820	812,344	85,476	700,303
Materials and supplies	56,550	61,350	61,129	221	49,808
Capital outlay	2,920	12,870	11,397	1,473	22,080
Contingency	1,850	1,850	-	1,850	-
Total Environmental Health	3,373,260	3,383,250	3,162,695	220,555	2,910,017
Park:					
Personal services	9,836,540	9,237,900	9,201,995	35,905	9,213,462
Contractual services	6,003,800	6,432,750	6,303,835	128,915	5,408,522
Materials and supplies	682,000	704,072	628,124	75,948	563,786
Capital outlay	98,900	86,180	79,982	6,198	9,664
Other	49,200	49,200	35,082	14,118	31,100
Contingency	49,850	-	-	-	-
Total Park	16,720,290	16,510,102	16,249,018	261,084	15,226,534
General Government:					
Personal services	1,995,160	1,759,560	1,633,820	125,740	1,832,383
Contractual services	371,240	424,720	397,777	26,943	349,680
Materials and supplies	47,920	63,960	57,471	6,489	45,318
Total General Government	2,414,320	2,248,240	2,089,068	159,172	2,227,381
Non Departmental:					
Personal services	513,010	260,980	224,903	36,077	25,710
Contractual services	1,128,370	1,186,330	1,088,314	98,016	1,371,094
Materials and supplies	54,500	48,500	15,493	33,007	12,652
Contingency	9,467,972	4,977,762	950,602	4,027,160	21,987
Total Non Departmental	11,163,852	6,473,572	2,279,312	4,194,260	1,431,443

CITY OF WICHITA, KANSAS

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
Public Works-Gas Tax:					
Personal services	8,404,650	8,743,180	8,070,655	672,525	8,188,276
Contractual services	9,685,780	10,269,110	10,049,649	219,461	9,267,794
Materials and supplies	2,501,520	1,749,320	1,473,141	276,179	1,547,512
Capital outlay	247,120	560,470	477,026	83,444	127,330
Engineering overhead	-	177,840	152,839	25,001	144,143
Total Public Works-Gas Tax	20,839,070	21,499,920	20,223,310	1,276,610	19,275,055
Total Expenditures	162,334,972	160,682,674	152,405,505	8,277,169	141,271,890
Excess (deficiency) of revenues over (under) expenditures	(7,616,482)	(6,009,204)	4,658,860	10,668,064	5,714,258
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	5,370,980	5,416,000	5,289,223	(126,777)	3,189,193
Transfers to other funds	(8,196,500)	(9,848,798)	(8,717,480)	1,131,318	(9,260,069)
Total other financing sources (uses)	(2,825,520)	(4,432,798)	(3,428,257)	1,004,541	(6,070,876)
Net change in fund balances	(10,442,002)	(10,442,002)	1,230,603	11,672,605	(356,618)
Unencumbered fund balances - beginning	18,968,575	20,769,068	20,769,068	-	21,125,686
Unencumbered fund balances - ending	<u>\$ 8,526,573</u>	<u>\$ 10,327,066</u>	<u>\$ 21,999,671</u>	<u>\$ 11,672,605</u>	<u>\$ 20,769,068</u>

CITY OF WICHITA, KANSAS

TOURISM AND CONVENTION PROMOTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 4,321,670	\$ 4,622,180	\$ 4,926,127	\$ 303,947	\$ 4,487,555
Interest earnings	51,000	19,950	17,100	(2,850)	19,178
Total revenues	4,372,670	4,642,130	4,943,227	301,097	4,506,733
EXPENDITURES					
Culture and recreation:					
Contractual services	1,675,460	2,253,530	2,180,001	73,529	1,852,475
Total expenditures	1,675,460	2,253,530	2,180,001	73,529	1,852,475
Excess of revenues over expenditures	2,697,210	2,388,600	2,763,226	374,626	2,654,258
OTHER FINANCING (USES)					
Transfers to other funds	(2,693,200)	(2,453,680)	(2,453,680)	-	(2,544,220)
Total other financing (uses)	(2,693,200)	(2,453,680)	(2,453,680)	-	(2,544,220)
Net change in fund balances	4,010	(65,080)	309,546	374,626	110,038
Fund balance - beginning	191,121	296,219	296,219	-	186,181
Fund balance - ending	\$ 195,131	\$ 231,139	\$ 605,765	\$ 374,626	\$ 296,219

CITY OF WICHITA, KANSAS

DOWNTOWN TROLLEY SYSTEM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 93,040	\$ 88,040	\$ 96,809	\$ 8,769	\$ 120,597
Rentals	50,000	50,000	(2,670)	(52,670)	-
Interest earnings	-	-	230	230	389
Revised budget adjustment	-	5,000	-	(5,000)	-
Other	-	-	3	3	-
Total revenues	143,040	143,040	94,372	(48,668)	120,986
EXPENDITURES					
Culture and recreation:					
Personal services	89,040	86,370	94,115	(7,745)	78,224
Contractual services	37,140	44,810	12,872	31,938	11,597
Materials and supplies	15,180	10,180	4,785	5,395	2,535
Total expenditures	141,360	141,360	111,772	29,588	92,356
Excess (deficiency) of revenues over (under) expenditures	1,680	1,680	(17,400)	(19,080)	28,630
Net change in fund balances	1,680	1,680	(17,400)	(19,080)	28,630
Fund balance - beginning	18,291	39,061	39,061	-	10,431
Fund balance - ending	\$ 19,971	\$ 40,741	\$ 21,661	\$ (19,080)	\$ 39,061

CITY OF WICHITA, KANSAS

SPECIAL ALCOHOL PROGRAM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental-					
private club liquor tax	\$ 1,304,330	\$ 1,360,000	\$ 1,389,885	\$ 29,885	\$ 1,303,241
Interest earnings	10,000	10,000	5,607	(4,393)	11,987
Revised budget adjustment	-	(55,670)	-	55,670	-
Other	-	-	20,291	20,291	7,402
Total revenues	1,314,330	1,314,330	1,415,783	101,453	1,322,630
EXPENDITURES					
Health and welfare:					
Personal services	-	-	-	-	689,222
Contractual services	1,056,090	1,335,544	1,335,528	16	577,615
Materials and supplies	-	-	-	-	32,270
Other	558,830	279,376	-	279,376	-
Total expenditures	1,614,920	1,614,920	1,335,528	279,392	1,299,107
Excess (deficiency) of revenues over (under) expenditures	(300,590)	(300,590)	80,255	380,845	23,523
Net change in fund balances	(300,590)	(300,590)	80,255	380,845	23,523
Fund balance - beginning	325,023	380,826	380,826	-	357,303
Fund balance - ending	\$ 24,433	\$ 80,236	\$ 461,081	\$ 380,845	\$ 380,826

CITY OF WICHITA, KANSAS

SPECIAL PARKS AND RECREATION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental-					
private club liquor tax	\$ 1,304,330	\$ 1,360,000	\$ 1,389,885	\$ 29,885	\$ 1,303,241
Interest earnings	5,000	5,000	1,104	(3,896)	2,895
Revised budget adjustment	-	(55,670)	-	55,670	-
Total revenues	1,309,330	1,309,330	1,390,989	81,659	1,306,136
OTHER FINANCING (USES)					
Transfers to other funds	(1,386,980)	(1,386,980)	(1,386,980)	-	(1,398,170)
Total other financing (uses)	(1,386,980)	(1,386,980)	(1,386,980)	-	(1,398,170)
Excess (deficiency) of revenues over (under) other financing uses	(77,650)	(77,650)	4,009	81,659	(92,034)
Net change in fund balances	(77,650)	(77,650)	4,009	81,659	(92,034)
Fund balance - beginning	77,658	111,224	111,224	-	203,258
Fund balance - ending	\$ 8	\$ 33,574	\$ 115,233	\$ 81,659	\$ 111,224

CITY OF WICHITA, KANSAS

ICE RINK MANAGEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 1,600,000	\$ 1,250,000	\$ 1,135,783	\$ (114,217)	\$ 1,078,484
Interest earnings	-	-	65	65	876
Revised budget adjustment	-	350,000	-	(350,000)	-
Total revenues	1,600,000	1,600,000	1,135,848	(464,152)	1,079,360
EXPENDITURES					
Culture and recreation:					
Contractual services	1,600,000	1,250,000	1,178,182	71,818	1,171,075
Revised budget adjustment	-	350,000	-	350,000	-
Total expenditures	1,600,000	1,600,000	1,178,182	421,818	1,171,075
Excess (deficiency) of revenues over (under) expenditures	-	-	(42,334)	(42,334)	(91,715)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	44,484	44,484	-
Total other financing (uses)	-	-	44,484	44,484	-
Net change in fund balances	-	-	2,150	2,150	(91,715)
Fund balance - beginning	191,715	100,000	100,000	-	191,715
Fund balance - ending	\$ 191,715	\$ 100,000	\$ 102,150	\$ 2,150	\$ 100,000

CITY OF WICHITA, KANSAS

LANDFILL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 404,000	\$ 402,000	\$ 633,661	\$ 231,661	\$ 383,417
Interest earnings	113,150	83,650	44,575	(39,075)	69,551
Revised budget adjustment	-	31,500	-	(31,500)	-
Other	-	-	120,753	120,753	-
Total revenues	517,150	517,150	798,989	281,839	452,968
EXPENDITURES					
Sanitation:					
Personal services	209,220	53,550	7	53,543	1,371
Contractual services	456,820	872,930	356,159	516,771	662,714
Materials and supplies	11,000	11,000	4,630	6,370	3,931
Capital outlay	-	100,000	100,000	-	471,142
Other	2,455,000	2,094,560	-	2,094,560	-
Total expenditures	3,132,040	3,132,040	460,796	2,671,244	1,139,158
Excess (deficiency) of revenues over (under) expenditures	(2,614,890)	(2,614,890)	338,193	2,953,083	(686,190)
Net change in fund balances	(2,614,890)	(2,614,890)	338,193	2,953,083	(686,190)
Fund balance - beginning	2,771,553	4,182,253	4,182,253	-	4,868,443
Prior period adjustment to fund balance	-	-	394,174	394,174	-
Fund balance - ending	\$ 156,663	\$ 1,567,363	\$ 4,914,620	\$ 3,347,257	\$ 4,182,253

CITY OF WICHITA, KANSAS

LANDFILL POST CLOSURE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Rentals	\$ 35,000	\$ 35,000	\$ 51,410	\$ 16,410	\$ 41,658
Interest earnings	852,790	595,480	254,178	(341,302)	413,095
Revised budget adjustment	-	257,310	-	(257,310)	-
Other	-	-	1,503	1,503	464,153
Total revenues	887,790	887,790	307,091	(580,699)	918,906
EXPENDITURES					
Sanitation:					
Personal services	150,090	150,950	151,023	(73)	169,420
Contractual services	764,460	764,860	316,481	448,379	423,508
Materials and supplies	28,150	28,150	766	27,384	9,191
Other	27,600,000	27,598,740	-	27,598,740	-
Total expenditures	28,542,700	28,542,700	468,270	28,074,430	602,119
Excess (deficiency) of revenues over (under) expenditures	(27,654,910)	(27,654,910)	(161,179)	27,493,731	316,787
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(690,180)	(690,180)	(690,180)	-	(1,500,000)
Total other financing sources (uses)	(690,180)	(690,180)	(690,180)	-	(1,500,000)
Net change in fund balances	(28,345,090)	(28,345,090)	(851,359)	27,493,731	(1,183,213)
Fund balance - beginning	29,376,489	29,774,216	29,774,216	-	30,957,429
Fund balance - ending	\$ 1,031,399	\$ 1,429,126	\$ 28,922,857	\$ 27,493,731	\$ 29,774,216

CITY OF WICHITA, KANSAS

CENTRAL INSPECTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Special assessments	\$ 6,500	\$ 6,500	\$ 12,235	\$ 5,735	\$ 6,130
Licenses and permits	4,316,750	4,658,180	4,110,286	(547,894)	3,870,876
Charges for services and sales	782,750	840,230	655,219	(185,011)	706,868
Interest earnings	36,870	33,010	13,250	(19,760)	24,023
Revised budget adjustment	-	(395,050)	-	395,050	-
Other	-	-	13,799	13,799	1,350
Total revenues	5,142,870	5,142,870	4,804,789	(338,081)	4,609,247
EXPENDITURES					
Public safety:					
Personal services	4,159,070	4,177,670	4,180,018	(2,348)	3,960,325
Contractual services	993,610	1,036,990	1,029,280	7,710	974,838
Materials and supplies	23,120	29,720	21,212	8,508	23,446
Other	1,750,000	1,695,020	-	1,695,020	-
Total expenditures	6,925,800	6,939,400	5,230,510	1,708,890	4,958,609
Excess (deficiency) of revenues over (under) expenditures	(1,782,930)	(1,796,530)	(425,721)	1,370,809	(349,362)
OTHER FINANCING (USES)					
Transfers to other funds	(13,600)	-	-	-	(109,240)
Total other financing (uses)	(13,600)	-	-	-	(109,240)
Net change in fund balances	(1,796,530)	(1,796,530)	(425,721)	1,370,809	(458,602)
Fund balance - beginning	1,973,126	1,502,094	1,502,094	-	1,960,696
Fund balance - ending	\$ 176,596	\$ (294,436)	\$ 1,076,373	\$ 1,370,809	\$ 1,502,094

CITY OF WICHITA, KANSAS

ECONOMIC DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ -	\$ -	\$ 6,166	\$ 6,166	\$ -
Interest earnings	25,000	25,000	9,324	(15,676)	28,078
Other	302,500	302,500	2,055,404	1,752,904	460,853
Total revenues	327,500	327,500	2,070,894	1,743,394	488,931
EXPENDITURES					
General government:					
Personal services	258,700	262,150	260,005	2,145	247,491
Contractual services	505,610	3,186,370	3,125,021	61,349	3,376,233
Materials and supplies	4,500	4,500	457	4,043	566
Other	-	573,500	-	573,500	-
Total expenditures	768,810	4,026,520	3,385,483	641,037	3,624,290
Excess (deficiency) of revenues over (under) expenditures	(441,310)	(3,699,020)	(1,314,589)	2,384,431	(3,135,359)
OTHER FINANCING SOURCES					
Transfers from other funds	300,000	3,050,000	1,247,240	(1,802,760)	2,700,000
Total other financing sources	300,000	3,050,000	1,247,240	(1,802,760)	2,700,000
Net change in fund balances	(141,310)	(649,020)	(67,349)	581,671	(435,359)
Fund balance - beginning	170,286	886,947	886,947	-	1,322,306
Fund balance - ending	\$ 28,976	\$ 237,927	\$ 819,598	\$ 581,671	\$ 886,947

CITY OF WICHITA, KANSAS

SALES TAX CONSTRUCTION PLEDGE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Local sales tax	\$ 20,885,570	\$ 21,430,000	\$ 22,369,484	\$ 939,484	\$ 19,867,702
Interest earnings	161,140	91,870	50,445	(41,425)	49,845
Revised budget adjustment	-	(475,160)	-	475,160	-
Total revenues	21,046,710	21,046,710	22,419,929	1,373,219	19,917,547
OTHER FINANCING (USES)					
Transfers to other funds	(23,543,330)	(23,543,330)	(20,568,330)	2,975,000	(19,882,650)
Total other financing (uses)	(23,543,330)	(23,543,330)	(20,568,330)	2,975,000	(19,882,650)
Excess (deficiency) of revenues over (under) other financing uses	(2,496,620)	(2,496,620)	1,851,599	4,348,219	34,897
Net change in fund balances	(2,496,620)	(2,496,620)	1,851,599	4,348,219	34,897
Fund balance - beginning	2,964,701	4,593,638	4,593,638	-	4,558,741
Fund balance - ending	\$ 468,081	\$ 2,097,018	\$ 6,445,237	\$ 4,348,219	\$ 4,593,638

CITY OF WICHITA, KANSAS

PROPERTY MANAGEMENT OPERATIONS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 312,800	\$ 342,800	\$ 276,406	\$ (66,394)	\$ 283,580
Rentals	751,580	754,100	801,348	47,248	955,721
Interest earnings	52,680	71,000	20,783	(50,217)	25,712
Revised budget adjustment	-	(358,040)	-	358,040	-
Other	31,000	338,200	294,625	(43,575)	136,751
Total revenues	1,148,060	1,148,060	1,393,162	245,102	1,401,764
EXPENDITURES					
General government:					
Personal services	251,290	249,520	177,659	71,861	176,986
Contractual services	836,330	900,610	702,210	198,400	892,932
Materials and supplies	19,660	19,660	7,358	12,302	15,800
Capital outlay	812,000	2,760	-	2,760	12,021
Other	-	16,890	-	16,890	-
Total expenditures	1,919,280	1,189,440	887,227	302,213	1,097,739
Excess (deficiency) of revenues over (under) expenditures	(771,220)	(41,380)	505,935	547,315	304,025
OTHER FINANCING (USES)					
Transfers to other funds	(128,180)	(858,020)	(858,020)	-	(128,180)
Total other financing (uses)	(128,180)	(858,020)	(858,020)	-	(128,180)
Net change in fund balances	(899,400)	(899,400)	(352,085)	547,315	175,845
Fund balance - beginning	1,001,512	1,778,097	1,778,097	-	1,602,252
Fund balance - ending	\$ 102,112	\$ 878,697	\$ 1,426,012	\$ 547,315	\$ 1,778,097

CITY OF WICHITA, KANSAS

STATE OFFICE BUILDING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 20,000	\$ 15,000	\$ 15,068	\$ 68	\$ 11,498
Rentals	1,085,960	985,960	953,270	(32,690)	900,554
Interest earnings	18,000	10,000	6,496	(3,504)	7,764
Revised budget adjustment	-	113,000	-	(113,000)	-
Other	-	-	5,600	5,600	3,725
Total revenues	1,123,960	1,123,960	980,434	(143,526)	923,541
EXPENDITURES					
General government:					
Personal services	149,460	151,050	129,292	21,758	140,924
Contractual services	983,120	890,100	800,073	90,027	743,884
Materials and supplies	50,630	55,630	48,398	7,232	43,665
Other	330,000	416,430	7,522	408,908	5,749
Total expenditures	1,513,210	1,513,210	985,285	527,925	934,222
Excess (deficiency) of revenues over (under) expenditures	(389,250)	(389,250)	(4,851)	384,399	(10,681)
OTHER FINANCING SOURCES					
Transfers from other funds	-	-	-	-	131,003
Total other financing (uses)	-	-	-	-	131,003
Net change in fund balances	(389,250)	(389,250)	(4,851)	384,399	120,322
Fund balance - beginning	462,363	738,365	738,365	-	618,043
Fund balance - ending	\$ 73,113	\$ 349,115	\$ 733,514	\$ 384,399	\$ 738,365

CITY OF WICHITA, KANSAS

GILBERT/ MOSLEY TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 2,670,040	\$ 2,567,000	\$ 2,674,842	\$ 107,842	\$ 2,555,336
Intergovernmental	130,000	260,000	260,000	-	260,000
Charges for services and sales	-	-	8	8	-
Interest earnings	5,000	5,000	26,682	21,682	18,515
Revised budget adjustment	-	(3,126,960)	-	3,126,960	-
Other	-	3,100,000	2,200,671	(899,329)	-
Total revenues	<u>2,805,040</u>	<u>2,805,040</u>	<u>5,162,203</u>	<u>2,357,163</u>	<u>2,833,851</u>
EXPENDITURES					
Health and welfare:					
Personal services	51,580	-	-	-	-
Contractual services	1,024,670	1,742,420	1,512,082	230,338	2,069,330
Materials and supplies	26,120	22,260	19,353	2,907	12,252
Total expenditures	<u>1,102,370</u>	<u>1,764,680</u>	<u>1,531,435</u>	<u>233,245</u>	<u>2,081,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,702,670</u>	<u>1,040,360</u>	<u>3,630,768</u>	<u>2,590,408</u>	<u>752,269</u>
OTHER FINANCING (USES)					
Transfers to other funds	<u>(1,471,310)</u>	<u>(2,128,310)</u>	<u>(2,128,310)</u>	<u>-</u>	<u>(886,560)</u>
Total other financing (uses)	<u>(1,471,310)</u>	<u>(2,128,310)</u>	<u>(2,128,310)</u>	<u>-</u>	<u>(886,560)</u>
Net change in fund balances	231,360	(1,087,950)	1,502,458	2,590,408	(134,291)
Fund balance - beginning	<u>1,002</u>	<u>950,222</u>	<u>950,222</u>	<u>-</u>	<u>1,084,513</u>
Fund balance - ending	<u>\$ 232,362</u>	<u>\$ (137,728)</u>	<u>\$ 2,452,680</u>	<u>\$ 2,590,408</u>	<u>\$ 950,222</u>

CITY OF WICHITA, KANSAS

NORTH INDUSTRIAL CORRIDOR TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 1,165,300	\$ 1,130,000	\$ 1,152,020	\$ 22,020	\$ 1,127,662
Interest earnings	48,000	24,000	31,506	7,506	35,122
Revised budget adjustment	-	59,300	-	(59,300)	-
Other	-	-	3,875	3,875	50
Total revenues	1,213,300	1,213,300	1,187,401	(25,899)	1,162,834
EXPENDITURES					
Health and welfare:					
Contractual services	2,203,160	1,065,580	767,065	298,515	382,091
Materials and supplies	3,350	3,350	1,412	1,938	692
Total expenditures	2,206,510	1,068,930	768,477	300,453	382,783
Excess (deficiency) of revenues over (under) expenditures	(993,210)	144,370	418,924	274,554	780,051
Net change in fund balances	(993,210)	144,370	418,924	274,554	780,051
Fund balance - beginning	750,882	2,493,412	2,493,412	-	1,713,361
Fund balance - ending	\$ (242,328)	\$ 2,637,782	\$ 2,912,336	\$ 274,554	\$ 2,493,412

CITY OF WICHITA, KANSAS

EAST BANK TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 655,760	\$ 494,970	\$ 446,454	\$ (48,516)	\$ 479,859
Interest earnings	-	15,000	8,223	(6,777)	5,599
Revised budget adjustment	-	145,790	-	(145,790)	-
Total revenues	655,760	655,760	454,677	(201,083)	485,458
OTHER FINANCING (USES)					
Transfers to other funds	(655,850)	(492,850)	(492,850)	-	(5,000)
Total other financing (uses)	(655,850)	(492,850)	(492,850)	-	(5,000)
Net change in fund balances	(90)	162,910	(38,173)	(201,083)	480,458
Fund balance - beginning	103	583,741	583,741	-	103,283
Fund balance - ending	\$ 13	\$ 746,651	\$ 545,568	\$ (201,083)	\$ 583,741

CITY OF WICHITA, KANSAS

OLD TOWN TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 410,700	\$ 682,400	\$ 430,205	\$ (252,195)	\$ 363,813
Interest earnings	11,190	24,000	7,471	(16,529)	7,572
Revised budget adjustment	-	(284,510)	-	284,510	-
Other	-	-	975	975	-
Total revenues	421,890	421,890	438,651	16,761	371,385
EXPENDITURES					
General government:					
Contractual services	50,000	75,000	20,364	54,636	39,210
Materials and supplies	-	25,000	3,440	21,560	-
Other	50,000	-	-	-	-
Total expenditures	100,000	100,000	23,804	76,196	39,210
Excess (deficiency) of revenues over (under) expenditures	321,890	321,890	414,847	92,957	332,175
OTHER FINANCING (USES)					
Transfers to other funds	(170,600)	(170,600)	(170,600)	-	(163,010)
Total other financing (uses)	(170,600)	(170,600)	(170,600)	-	(163,010)
Net change in fund balances	151,290	151,290	244,247	92,957	169,165
Fund balance - beginning	820	506,225	506,225	-	337,060
Fund balance - ending	\$ 152,110	\$ 657,515	\$ 750,472	\$ 92,957	\$ 506,225

CITY OF WICHITA, KANSAS

21ST & GROVE TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Taxes	\$ 32,940	\$ 79,380	\$ 68,409	\$ (10,971)	\$ 18,903
Interest earnings	250	500	528	28	329
Revised budget adjustment	-	(46,690)	-	46,690	-
Total revenues	33,190	33,190	68,937	35,747	19,232
OTHER FINANCING (USES)					
Transfers to other funds	(33,190)	(89,040)	(78,000)	11,040	(21,770)
Total other financing (uses)	(33,190)	(89,040)	(78,000)	11,040	(21,770)
Net change in fund balances	-	(55,850)	(9,063)	46,787	(2,538)
Fund balance - beginning	-	9,162	9,162	-	11,700
Fund balance - ending	\$ -	\$ (46,688)	\$ 99	\$ 46,787	\$ 9,162

CITY OF WICHITA, KANSAS

CENTRAL AND HILLSIDE TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 1,125,800	\$ 95,430	\$ 86,582	\$ (8,848)	\$ -
Interest earnings	18,000	1,800	565	(1,235)	-
Revised budget adjustment	-	1,046,570	-	(1,046,570)	-
Total revenues	1,143,800	1,143,800	87,147	(1,056,653)	-
EXPENDITURES					
General government:					
Other	-	1,068,410	-	1,068,410	-
Total expenditures	-	1,068,410	-	1,068,410	-
Excess (deficiency) of revenues over (under) expenditures	1,143,800	75,390	87,147	11,757	-
OTHER FINANCING (USES)					
Transfers to other funds	(1,143,800)	(97,230)	(87,000)	10,230	-
Total other financing (uses)	(1,143,800)	(97,230)	(87,000)	10,230	-
Net change in fund balances	-	(21,840)	147	21,987	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ (21,840)	\$ 147	\$ 21,987	\$ -

CITY OF WICHITA, KANSAS

OLD TOWN CINEMA TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 114,460	\$ 91,520	\$ 51,916	\$ (39,604)	\$ -
Rentals	87,720	87,720	-	(87,720)	-
Revised budget adjustment	-	23,100	-	(23,100)	-
Interest earnings	2,560	2,400	336	(2,064)	-
Total revenues	204,740	204,740	52,252	(152,488)	-
OTHER FINANCING (USES)					
Transfers to other funds	(278,060)	(181,640)	(52,000)	129,640	-
Total other financing (uses)	(278,060)	(181,640)	(52,000)	129,640	-
Net change in fund balances	(73,320)	23,100	252	(22,848)	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	<u>\$ (73,320)</u>	<u>\$ 23,100</u>	<u>\$ 252</u>	<u>\$ (22,848)</u>	<u>\$ -</u>

CITY OF WICHITA, KANSAS

MAIN AND MURDOCK TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ -	\$ -	\$ 2,443	\$ 2,443	\$ -
Interest earnings	-	-	17	17	-
Total revenues	-	-	2,460	2,460	-
Net change in fund balances	-	-	2,460	2,460	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 2,460	\$ 2,460	\$ -

CITY OF WICHITA, KANSAS

SELF SUPPORTING MUNICIPAL IMPROVEMENT DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 510,000	\$ 565,000	\$ 592,608	\$ 27,608	\$ 519,887
Total revenues	510,000	565,000	592,608	27,608	519,887
EXPENDITURES					
General government:					
Contractual services	510,000	589,880	589,880	-	495,000
Total expenditures	510,000	589,880	589,880	-	495,000
Excess (deficiency) of revenues over (under) expenditures	-	(24,880)	2,728	27,608	24,887
Net change in fund balances	-	(24,880)	2,728	27,608	24,887
Fund balance - beginning	-	24,887	24,887	-	-
Fund balance - ending	\$ -	\$ 7	\$ 27,615	\$ 27,608	\$ 24,887

CITY OF WICHITA, KANSAS

CITY/COUNTY METROPOLITAN PLANNING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental	\$ 656,600	\$ 619,820	\$ 590,274	\$ (29,546)	\$ 531,510
Charges for services and sales	255,400	275,000	302,899	27,899	303,513
Revised budget adjustment	-	53,960	-	(53,960)	-
Other	-	-	210	210	-
Total revenues	912,000	948,780	893,383	(55,397)	835,023
EXPENDITURES					
General government:					
Personal services	1,316,550	1,252,560	1,243,072	9,488	1,111,707
Contractual services	234,470	244,490	224,059	20,431	227,987
Materials and supplies	17,580	17,590	16,526	1,064	15,418
Capital outlay	-	-	-	-	11,422
Revised budget adjustment	-	53,960	-	53,960	-
Total expenditures	1,568,600	1,568,600	1,483,657	84,943	1,366,534
Excess (deficiency) of revenues over (under) expenditures	(656,600)	(619,820)	(590,274)	29,546	(531,511)
OTHER FINANCING SOURCES					
Transfers from other funds	656,600	619,820	590,274	(29,546)	531,511
Total other financing sources	656,600	619,820	590,274	(29,546)	531,511
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

CITY/COUNTY FLOOD CONTROL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental	\$ 743,690	\$ 743,690	\$ 714,274	\$ (29,416)	\$ 604,828
Other	-	-	-	-	42
Total revenues	743,690	743,690	714,274	(29,416)	604,870
EXPENDITURES					
Public safety:					
Personal services	887,980	889,740	876,347	13,393	754,558
Contractual services	483,820	482,060	453,019	29,041	395,695
Materials and supplies	109,580	109,580	99,181	10,399	59,348
Capital outlay	6,000	6,000	-	6,000	97
Total expenditures	1,487,380	1,487,380	1,428,547	58,833	1,209,698
Excess (deficiency) of revenues over (under) expenditures	(743,690)	(743,690)	(714,273)	29,417	(604,828)
OTHER FINANCING SOURCES					
Transfers from other funds	743,690	743,690	714,273	(29,417)	604,828
	743,690	743,690	714,273	(29,417)	604,828
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

ART MUSEUM BOARD FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Interest earnings	\$ 3,500	\$ 3,500	\$ 2,291	\$ (1,209)	\$ 3,092
Total revenues	3,500	3,500	2,291	(1,209)	3,092
EXPENDITURES					
Culture and recreation:					
Personal services	1,058,020	927,920	927,934	(14)	944,880
Contractual services	224,440	394,540	394,474	66	351,556
Other	45,000	5,000	-	5,000	-
Total expenditures	1,327,460	1,327,460	1,322,408	5,052	1,296,436
Excess (deficiency) of revenues over (under) expenditures	(1,323,960)	(1,323,960)	(1,320,117)	3,843	(1,293,344)
OTHER FINANCING SOURCES					
Transfers from other funds	1,280,360	1,278,960	1,278,960	-	1,297,890
Total other financing sources	1,280,360	1,278,960	1,278,960	-	1,297,890
Net change in fund balances	(43,600)	(45,000)	(41,157)	3,843	4,546
Fund balance - beginning	87,249	91,795	91,795	-	87,249
Fund balance - ending	\$ 43,649	\$ 46,795	\$ 50,638	\$ 3,843	\$ 91,795

CITY OF WICHITA, KANSAS

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 23,181,890	\$ 23,181,890	\$ 23,628,277	\$ 446,387	\$ 22,135,421
Delinquent property taxes	523,590	926,280	931,906	5,626	516,141
Special assessments	22,434,980	21,349,370	24,250,083	2,900,713	23,465,344
Delinquent Special assessments	1,244,520	1,403,400	965,934	(437,466)	1,577,154
Motor vehicle tax	3,606,140	3,427,020	3,737,757	310,737	3,526,033
Interest earnings	1,000,000	1,000,000	495,875	(504,125)	698,547
Other	-	210,500	615,561	405,061	372,376
Revised budget adjustment	-	(196,460)	-	196,460	-
Total Revenues	51,991,120	51,302,000	54,625,393	3,323,393	52,291,016
EXPENDITURES					
Debt service:					
Interest on general obligation bonds	6,540,910	6,540,910	8,653,841	(2,112,931)	6,968,794
Interest on special assessment bonds	7,314,230	7,314,230	7,819,476	(505,246)	7,512,729
Interest on HUD Section 108 loan	163,510	163,510	163,508	2	174,233
Commission, postage and refunds	45,360	45,360	-	45,360	-
Retirement of general obligation bonds	24,525,870	24,447,140	23,190,487	1,256,653	24,756,278
Retirement of special assessment bonds	16,297,000	15,145,000	14,905,000	240,000	15,485,000
Retirement of HUD Section 108 loan	205,000	205,000	205,000	-	195,000
Other debt service cost	-	-	129,513	(129,513)	117,243
Revised budget adjustment	-	730	-	730	-
Total Expenditures	55,091,880	53,861,880	55,066,825	(1,204,945)	55,209,277
Excess (deficiency) of revenues over (under) expenditures	<u>(3,100,760)</u>	<u>(2,559,880)</u>	<u>(441,432)</u>	<u>2,118,448</u>	<u>(2,918,261)</u>
OTHER FINANCING SOURCES (USES)					
Premiums on bonds sold	-	-	771,070	771,070	395,112
Transfers from other funds	11,925,640	12,614,760	17,041,300	4,426,540	10,832,846
Transfers to other funds - retirement of temporary notes	(27,130,000)	(28,360,000)	(23,149,969)	5,210,031	(2,102,804)
Total other financing sources (uses)	(15,204,360)	(15,745,240)	(5,337,599)	10,407,641	9,125,154
Net change in unencumbered cash balances	(18,305,120)	(18,305,120)	(5,779,031)	12,526,089	6,206,893
Unencumbered fund balances - beginning	21,807,128	26,286,111	26,286,111	-	20,079,218
Unencumbered fund balances - ending	<u>\$ 3,502,008</u>	<u>\$ 7,980,991</u>	<u>\$ 20,507,080</u>	<u>\$ 12,526,089</u>	<u>\$ 26,286,111</u>

— ENTERPRISE FUNDS —

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurement focus is upon determination of net income, financial position and change in financial position. The following nonmajor Enterprise Funds are reported:

Storm Water Utility - administers the acquisition, design, construction, maintenance and operation of the City's drainage system. The Storm Water Utility also maintains and operates the Wichita-Valley Center Flood Control Project under the guidance of the Corps of Engineers.

Golf Course System - provides the public five suitable golf facilities on a self-sustaining basis.

Wichita Transit - provides economical bus service through regular route services and special charter services.

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR ENTERPRISE FUNDS

December 31, 2004
(with comparative totals for December 31, 2003)

	Storm Water Utility	Golf Course System	Wichita Transit	Totals	
				2004	2003
ASSETS					
Current assets:					
Cash and temporary investments	\$ 2,639,137	\$ 231,423	\$ 1,096,418	\$ 3,966,978	\$ 4,362,817
Receivables, net	142,944	-	31,654	174,598	322,464
Due from other funds	-	-	-	-	11,346
Due from other agencies	-	-	455,596	455,596	641,724
Inventories	36,862	-	294,478	331,340	321,137
Total current assets	<u>2,818,943</u>	<u>231,423</u>	<u>1,878,146</u>	<u>4,928,512</u>	<u>5,659,488</u>
Noncurrent assets:					
Capital assets:					
Land	2,314,582	631,534	1,906,816	4,852,932	4,298,770
Buildings	2,428,303	2,765,591	8,634,742	13,828,636	13,828,636
Improvements other than buildings	73,731,457	14,202,084	342,181	88,275,722	81,687,409
Machinery, equipment and other assets	2,806,598	1,843,696	16,243,097	20,893,391	21,015,942
Construction in progress	2,431,230	73,434	1,096,944	3,601,608	5,743,960
Less accumulated depreciation	<u>(8,030,528)</u>	<u>(6,712,910)</u>	<u>(8,625,608)</u>	<u>(23,369,046)</u>	<u>(20,232,092)</u>
Total capital assets (net of accumulated depreciation)	<u>75,681,642</u>	<u>12,803,429</u>	<u>19,598,172</u>	<u>108,083,243</u>	<u>106,342,625</u>
Total noncurrent assets	<u>75,681,642</u>	<u>12,803,429</u>	<u>19,598,172</u>	<u>108,083,243</u>	<u>106,342,625</u>
Total assets	<u>\$ 78,500,585</u>	<u>\$ 13,034,852</u>	<u>\$ 21,476,318</u>	<u>\$ 113,011,755</u>	<u>\$ 112,002,113</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	\$ 43,685	\$ 67,767	\$ 47,383	\$ 158,835	\$ 403,376
Accrued interest payable	21,310	27,060	-	48,370	55,755
Temporary notes payable	600,500	-	-	600,500	225,900
Deposits	-	145	-	145	968
Due to other funds	-	529,944	-	529,944	-
Current portion of long-term obligations:					
General obligation bonds payable	1,831,320	653,982	-	2,485,302	2,401,312
Compensated absences	<u>66,066</u>	<u>76,131</u>	<u>136,063</u>	<u>278,260</u>	<u>269,248</u>
Total current liabilities	<u>2,562,881</u>	<u>1,355,029</u>	<u>183,446</u>	<u>4,101,356</u>	<u>3,356,559</u>
Noncurrent liabilities:					
General obligation bonds payable	3,894,020	5,726,522	-	9,620,542	12,105,844
Compensated absences	<u>10,257</u>	<u>13,118</u>	<u>15,783</u>	<u>39,158</u>	<u>33,289</u>
Total noncurrent liabilities	<u>3,904,277</u>	<u>5,739,640</u>	<u>15,783</u>	<u>9,659,700</u>	<u>12,139,133</u>
Total liabilities	<u>6,467,158</u>	<u>7,094,669</u>	<u>199,229</u>	<u>13,761,056</u>	<u>15,495,692</u>
NET ASSETS					
Invested in capital assets, net of related debt	69,334,492	5,865,921	19,598,172	94,798,585	91,553,814
Restricted for capital projects	-	-	22,522	22,522	4,754
Unrestricted	<u>2,698,935</u>	<u>74,262</u>	<u>1,656,395</u>	<u>4,429,592</u>	<u>4,947,853</u>
Total net assets	<u>72,033,427</u>	<u>5,940,183</u>	<u>21,277,089</u>	<u>99,250,699</u>	<u>96,506,421</u>
Total liabilities and net assets	<u>\$ 78,500,585</u>	<u>\$ 13,034,852</u>	<u>\$ 21,476,318</u>	<u>\$ 113,011,755</u>	<u>\$ 112,002,113</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Storm Water Utility	Golf Course System	Wichita Transit	Totals	
				2004	2003
OPERATING REVENUES					
Charges for services and sales	\$ 5,513,078	\$ 293,119	\$ 1,607,720	\$ 7,413,917	\$ 7,079,172
Fees	-	2,665,644	-	2,665,644	2,850,133
Rentals	-	592,690	25,412	618,102	494,217
Other	-	13,536	24,075	37,611	28,703
Total operating revenues	<u>5,513,078</u>	<u>3,564,989</u>	<u>1,657,207</u>	<u>10,735,274</u>	<u>10,452,225</u>
OPERATING EXPENSES					
Personal services	1,483,147	1,457,948	5,116,758	8,057,853	7,782,222
Contractual services	780,175	1,017,069	1,951,919	3,749,163	3,518,103
Materials and supplies	70,063	461,493	1,237,667	1,769,223	1,504,881
Administrative charges	61,680	72,600	298,390	432,670	376,700
Payments in lieu of franchise fees	150,000	-	-	150,000	159,020
Depreciation	1,199,367	981,756	2,014,399	4,195,522	3,981,510
Total operating expenses	<u>3,744,432</u>	<u>3,990,866</u>	<u>10,619,133</u>	<u>18,354,431</u>	<u>17,322,436</u>
Operating income (loss)	<u>1,768,646</u>	<u>(425,877)</u>	<u>(8,961,926)</u>	<u>(7,619,157)</u>	<u>(6,870,211)</u>
NONOPERATING REVENUES (EXPENSES)					
Operating grants	-	-	3,155,956	3,155,956	2,547,646
Interest on investments	23,942	4,589	19,403	47,934	62,652
Other revenues (expenses)	-	-	(28,877)	(28,877)	(20,000)
Interest expense	(255,767)	(358,154)	(353)	(614,274)	(713,562)
Gain (loss) from sale of assets	-	6,876	3,838	10,714	(77,914)
Total nonoperating revenues (expenses)	<u>(231,825)</u>	<u>(346,689)</u>	<u>3,149,967</u>	<u>2,571,453</u>	<u>1,798,822</u>
Income (loss) before contributions and transfers	1,536,821	(772,566)	(5,811,959)	(5,047,704)	(5,071,389)
Capital contributions and operating transfers:					
Capital contributions	3,640,476	-	570,421	4,210,897	7,294,567
Transfers from other funds	308,000	-	3,967,430	4,275,430	3,818,080
Transfers to other funds	-	(60,120)	(634,225)	(694,345)	(181,606)
Change in net assets	5,485,297	(832,686)	(1,908,333)	2,744,278	5,859,652
Total net assets - beginning	<u>66,548,130</u>	<u>6,772,869</u>	<u>23,185,422</u>	<u>96,506,421</u>	<u>90,646,769</u>
Total net assets - ending	<u>\$ 72,033,427</u>	<u>\$ 5,940,183</u>	<u>\$ 21,277,089</u>	<u>\$ 99,250,699</u>	<u>\$ 96,506,421</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Storm Water Utility	Golf Course System	Wichita Transit	Totals	
				2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 5,577,271	\$ 3,550,630	\$ 1,728,151	\$ 10,856,052	\$ 10,279,406
Cash payments to suppliers for goods and services	(957,416)	(1,582,785)	(3,476,233)	(6,016,434)	(5,318,553)
Cash payments to employees for services	(1,481,325)	(1,449,539)	(5,112,108)	(8,042,972)	(7,797,307)
Payment in lieu of franchise fees	(150,000)	-	-	(150,000)	(159,020)
Other operating revenues	-	13,536	24,075	37,611	28,703
Net cash provided (used) by operating activities	<u>2,988,530</u>	<u>531,842</u>	<u>(6,836,115)</u>	<u>(3,315,743)</u>	<u>(2,966,771)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grant received	-	-	3,281,702	3,281,702	2,674,226
Transfers from other funds	308,000	-	3,475,080	3,783,080	3,818,080
Transfers to other funds	-	(60,120)	(141,875)	(201,995)	(54,050)
Net cash provided (used) by noncapital financing activities	<u>308,000</u>	<u>(60,120)</u>	<u>6,614,907</u>	<u>6,862,787</u>	<u>6,438,256</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment of temporary notes	374,600	-	-	374,600	(2,983,800)
Proceeds from capital debt	-	-	-	-	2,821,660
Additions to property, plant and equipment	(2,193,990)	(279,961)	(579,893)	(3,053,844)	(3,314,703)
Debt service - principal	(1,751,320)	(104,038)	(16,010)	(1,871,368)	(2,138,992)
Debt service - interest	(261,861)	(361,215)	(424)	(623,500)	(714,824)
Proceeds from sale of assets	-	6,876	4,061	10,937	(77,914)
Capital contributed for capital purposes	475,243	-	-	475,243	-
Capital contributed by local government	70,286	-	(3,429)	66,857	61,571
Capital contributed by other government	-	-	165,886	165,886	407,646
Capital grants received	-	-	464,372	464,372	1,565,605
Net cash provided (used) by capital and related financing activities	<u>(3,287,042)</u>	<u>(738,338)</u>	<u>34,563</u>	<u>(3,990,817)</u>	<u>(4,373,751)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	23,942	4,589	19,403	47,934	62,652
Net cash provided by investing activities	<u>23,942</u>	<u>4,589</u>	<u>19,403</u>	<u>47,934</u>	<u>62,652</u>
Net increase (decrease) in cash and temporary investments	33,430	(262,027)	(167,242)	(395,839)	(839,614)
Cash and temporary investments - January 1	<u>2,605,707</u>	<u>493,450</u>	<u>1,263,660</u>	<u>4,362,817</u>	<u>5,202,431</u>
Cash and temporary investments - December 31	<u>\$ 2,639,137</u>	<u>\$ 231,423</u>	<u>\$ 1,096,418</u>	<u>\$ 3,966,978</u>	<u>\$ 4,362,817</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Storm Water Utility	Golf Course System	Wichita Transit	Totals	
				2004	2003
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,768,646	\$ (425,877)	\$ (8,961,926)	\$ (7,619,157)	\$ (6,870,211)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,199,367	981,756	2,014,399	4,195,522	3,981,510
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	64,193	-	95,019	159,212	(144,542)
(Increase) decrease in inventory	(15,478)	-	5,275	(10,203)	33,788
(Increase) decrease in fixed assets due to expenditure reclass	-	-	218,243	218,243	-
Increase (decrease) in accounts payable/accrued expenses	(30,020)	(31,623)	(211,775)	(273,418)	47,343
Increase (decrease) in deposits	-	(823)	-	(823)	426
Increase in compensated absences	1,822	8,409	4,650	14,881	(15,085)
Total adjustments	1,219,884	957,719	2,125,811	4,303,414	3,903,440
Net cash provided (used) by operating activities	<u>\$ 2,988,530</u>	<u>\$ 531,842</u>	<u>\$ (6,836,115)</u>	<u>\$ (3,315,743)</u>	<u>\$ (2,966,771)</u>

Noncash, investing, capital and financing activities:

Assets contributed by benefit districts	\$ 3,094,947	\$ -	\$ -	\$ 3,094,947	\$ 4,724,076
Contribution of capital assets	-	-	-	-	486,779
Transfer of assets between proprietary funds	-	-	-	-	(127,556)

CITY OF WICHITA, KANSAS

WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final			
REVENUES					
Charges for services and sales	\$ 37,725,420	\$ 38,736,870	\$ 37,456,330	\$ (1,280,540)	\$ 36,673,180
Interest earnings	1,500,000	600,000	387,931	(212,069)	550,601
Other	-	-	105,667	105,667	102,053
Total revenues	39,225,420	39,336,870	37,949,928	(1,386,942)	37,325,834
EXPENDITURES					
Personal services	7,025,800	6,775,160	7,512,545	(737,385)	7,291,688
Contractual services	6,101,120	7,414,220	5,678,448	1,735,772	4,965,964
Materials and supplies	3,380,380	4,431,210	2,899,970	1,531,240	2,552,187
Capital outlay	3,244,110	3,446,810	2,963,322	483,488	2,376,316
Administrative charges	792,740	851,130	851,130	-	787,760
Debt service	12,575,410	12,522,860	12,359,357	163,503	11,177,017
Bond discount/premium amortization	88,040	33,380	12,540	20,840	16,834
Payments in lieu of franchise fees	1,831,000	1,838,510	1,838,510	-	1,826,000
Other non-operating expenses	-	-	261,361	(261,361)	182,168
Contingency	1,000,000	287,000	-	287,000	-
Total expenditures	36,038,600	37,600,280	34,377,183	3,223,097	31,175,934
Excess (deficiency) of revenues over (under) expenditures	3,186,820	1,736,590	3,572,745	1,836,155	6,149,900
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(1,952,150)	(1,954,380)	(1,850,603)	103,777	(1,309,988)
Total other financing sources (uses)	(1,952,150)	(1,954,380)	(1,850,603)	103,777	(1,309,988)
Net change in unencumbered cash balances	1,234,670	(217,790)	1,722,142	1,939,932	4,839,912
Unencumbered cash - beginning	26,102,027	47,800,413	47,800,413	-	26,102,027
Proceeds/expenditures in (anticipation) of bond sales	-	-	(15,241,827)	(15,241,827)	16,858,474
Unencumbered cash - ending	\$ 27,336,697	\$ 47,582,623	\$ 34,280,728	\$ (13,301,895)	\$ 47,800,413

CITY OF WICHITA, KANSAS

SEWER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actuals Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 28,466,600	\$ 27,614,470	\$ 28,002,364	\$ 387,894	\$ 25,942,128
Interest earnings	800,000	400,000	246,156	(153,844)	360,290
Other	-	1,252,130	344,491	(907,639)	203,074
Total revenues	29,266,600	29,266,600	28,593,011	(673,589)	26,505,492
EXPENDITURES					
Personal services	8,495,670	8,495,340	8,618,382	(123,042)	8,227,081
Contractual services	4,156,230	4,039,230	4,018,333	20,897	4,247,963
Materials and supplies	2,204,170	2,239,170	2,078,553	160,617	2,014,557
Capital outlay	847,850	811,040	534,758	276,282	699,256
Administrative charges	187,540	205,060	205,060	-	187,540
Debt service	10,663,800	10,935,950	10,404,191	531,759	9,005,649
Bond amortization expense	30,460	(48,180)	(48,180)	-	(41,782)
Payments in lieu of franchise fees	1,397,000	1,304,690	1,304,690	-	1,355,000
Other non-operating expenses	-	-	2,035	(2,035)	196
Contingency	50,000	50,420		50,420	-
Total expenditures	28,032,720	28,032,720	27,117,822	914,898	25,695,460
Excess (deficiency) of revenues over (under) expenditures	1,233,880	1,233,880	1,475,189	241,309	810,032
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(1,175,650)	(1,175,650)	(1,175,650)	-	(738,810)
Total other financing sources (uses)	(1,175,650)	(1,175,650)	(1,175,650)	-	(738,810)
Net change in unencumbered cash balances	58,230	58,230	299,539	241,309	71,222
Unencumbered cash - beginning	14,304,230	33,474,612	33,474,612	-	14,304,230
Proceeds/expenditures in (anticipation) of bond sales	-	-	(11,189,180)	(11,189,180)	19,099,160
Unencumbered cash - ending	\$ 14,362,460	\$ 33,532,842	\$ 22,584,971	\$ (10,947,871)	\$ 33,474,612

CITY OF WICHITA, KANSAS

STORM WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actuals Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 5,793,500	\$ 5,655,000	\$ 5,618,464	\$ (36,536)	\$ 5,181,292
Interest earnings	44,430	48,000	23,942	(24,058)	32,260
Other	-	134,930	70,286	(64,644)	44,371
Total revenues	5,837,930	5,837,930	5,712,692	(125,238)	5,257,923
EXPENDITURES					
Personal services	1,717,130	1,731,070	1,481,325	249,745	1,587,248
Contractual services	1,022,090	1,022,210	757,889	264,321	863,938
Materials and supplies	149,840	149,840	126,257	23,583	66,245
Capital outlay	196,000	270,000	175,343	94,657	413,813
Administrative charges	51,020	61,680	61,680	-	51,020
Debt service	2,018,190	2,018,190	2,013,181	5,009	1,704,128
Other non-operating expenses	775,000	-	-	-	-
Contingency	1,295,000	-	-	-	-
Revised Budget adjustment	-	1,971,280	-	1,971,280	-
Total expenditures	7,224,270	7,224,270	4,615,675	2,608,595	4,686,392
Excess (deficiency) of revenues over (under) expenditures	(1,386,340)	(1,386,340)	1,097,017	2,483,357	571,531
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	308,000	308,000	343,000
Transfers to other funds	(875,000)	(875,000)	(574,291)	300,709	(657,748)
Total other financing sources (uses)	(875,000)	(875,000)	(266,291)	608,709	(314,748)
Net change in unencumbered cash balances	(2,261,340)	(2,261,340)	830,726	3,092,066	256,783
Unencumbered cash - beginning	2,665,945	2,399,725	2,399,725	-	2,057,691
Proceeds/expenditures in (anticipation) of bond sales	-	-	(415,753)	(415,753)	85,251
Unencumbered cash - ending	\$ 404,605	\$ 138,385	\$ 2,814,698	\$ 2,676,313	\$ 2,399,725

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— INTERNAL SERVICE FUNDS —

Internal Service Funds are used to account for the financing and administration of general services rendered to the various departments of the City.

Information Technology - responsible for coordination of the City's total computer automation efforts and provides a City-owned telephone system to the organization.

Fleet and Buildings - purchases, repairs, and maintains vehicles and equipment used by City departments.

Stationery Stores - provides all departments with office supplies, printing services, mail room service, photocopying and microfilming services.

Self Insurance - accounts for self insurance programs of health insurance, workers' compensation, group life insurance, auto liability and general liability.

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CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET INTERNAL SERVICE FUNDS

December 31, 2004

(with comparative totals for the year ended December 31, 2003)

	Information Technology	Fleet and Buildings
ASSETS		
Current assets:		
Cash and temporary investments	\$ 2,541,843	\$ 5,875,684
Investments	-	-
Receivables, net	8,330	95,990
Due from other funds	-	-
Inventories	-	366,334
Prepaid items	-	-
Total current assets	<u>2,550,173</u>	<u>6,338,008</u>
Noncurrent assets:		
Capital assets:		
Land	-	71,340
Buildings	53,364	3,279,073
Machinery, equipment and other assets	9,501,459	29,440,154
Less accumulated depreciation	<u>(8,571,385)</u>	<u>(23,849,152)</u>
Total capital assets (net of accumulated depreciation)	<u>983,438</u>	<u>8,941,415</u>
Total assets	<u>\$ 3,533,611</u>	<u>\$ 15,279,423</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 245,963	\$ 112,988
Deposits	-	-
Current portion of long-term obligations:		
Claims payable	-	-
Compensated absences	<u>114,380</u>	<u>142,868</u>
Total current liabilities	<u>360,343</u>	<u>255,856</u>
Noncurrent liabilities:		
Claims payable	-	-
Compensated absences	<u>19,709</u>	<u>21,494</u>
Total noncurrent liabilities	<u>19,709</u>	<u>21,494</u>
Total liabilities	<u>380,052</u>	<u>277,350</u>
NET ASSETS		
Invested in capital assets	983,438	8,941,415
Unrestricted	<u>2,170,121</u>	<u>6,060,658</u>
Total net assets	<u>3,153,559</u>	<u>15,002,073</u>
Total liabilities and net assets	<u>\$ 3,533,611</u>	<u>\$ 15,279,423</u>

Stationery Stores	Self Insurance	Totals	
		2004	2003
\$ 334,339	\$ 32,118,174	\$ 40,870,040	\$ 41,951,938
-	244,091	244,091	246,984
3,651	-	107,971	886,088
-	3,500,000	3,500,000	3,500,000
-	4,616	370,950	366,462
14,271	-	14,271	681
<u>352,261</u>	<u>35,866,881</u>	<u>45,107,323</u>	<u>46,952,153</u>
-	-	71,340	71,340
-	-	3,332,437	3,293,131
109,070	362,364	39,413,047	39,573,935
(75,574)	(140,570)	(32,636,681)	(32,507,123)
<u>33,496</u>	<u>221,794</u>	<u>10,180,143</u>	<u>10,431,283</u>
<u>\$ 385,757</u>	<u>\$ 36,088,675</u>	<u>\$ 55,287,466</u>	<u>\$ 57,383,436</u>
\$ 36,039	\$ 1,830,837	\$ 2,225,827	\$ 876,092
-	-	-	1,094,200
-	5,686,565	5,686,565	5,051,000
-	22,302	279,550	263,294
<u>36,039</u>	<u>7,539,704</u>	<u>8,191,942</u>	<u>7,284,586</u>
-	13,398,055	13,398,055	12,211,000
-	3,843	45,046	38,051
-	13,401,898	13,443,101	12,249,051
<u>36,039</u>	<u>20,941,602</u>	<u>21,635,043</u>	<u>19,533,637</u>
33,496	221,794	10,180,143	10,431,283
<u>316,222</u>	<u>14,925,279</u>	<u>23,472,280</u>	<u>27,418,516</u>
<u>349,718</u>	<u>15,147,073</u>	<u>33,652,423</u>	<u>37,849,799</u>
<u>\$ 385,757</u>	<u>\$ 36,088,675</u>	<u>\$ 55,287,466</u>	<u>\$ 57,383,436</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Information Technology	Fleet and Buildings
OPERATING REVENUES		
Charges for services and sales	\$ 7,040,095	\$ 940,597
Rentals	-	9,121,874
Employer contributions	-	-
Employee contributions	-	-
Other	-	106,834
Total operating revenues	<u>7,040,095</u>	<u>10,169,305</u>
OPERATING EXPENSES		
Personal services	3,002,479	2,795,172
Contractual services	2,499,499	1,575,062
Materials and supplies	241,757	2,502,429
Cost of materials used	-	1,620,676
Administrative charges	79,330	189,560
Depreciation	293,168	2,308,790
Employee benefits	-	-
Insurance claims	-	-
Total operating expenses	<u>6,116,233</u>	<u>10,991,689</u>
Operating income (loss)	<u>923,862</u>	<u>(822,384)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	-	-
Gain (loss) on the sale of assets	<u>(247,970)</u>	<u>28,370</u>
Total nonoperating revenues (expenses)	<u>(247,970)</u>	<u>28,370</u>
Income (loss) before contributions and transfers	675,892	(794,014)
Capital contributions and operating transfers:		
Capital contributions	336,932	18,030
Transfers from other funds	193,190	161,400
Transfers to other funds	<u>(562,000)</u>	<u>-</u>
Change in net assets	644,014	(614,584)
Total net assets - beginning	<u>2,509,545</u>	<u>15,616,657</u>
Total net assets - ending	<u><u>\$ 3,153,559</u></u>	<u><u>\$ 15,002,073</u></u>

Stationery Stores	Self Insurance	Totals	
		2004	2003
\$ 751,707	\$ -	\$ 8,732,399	\$ 7,988,464
-	-	9,121,874	7,652,781
-	21,729,851	21,729,851	20,529,764
-	6,177,412	6,177,412	5,072,706
-	369,531	476,365	436,626
<u>751,707</u>	<u>28,276,794</u>	<u>46,237,901</u>	<u>41,680,341</u>
54,557	-	5,852,208	5,798,297
57,674	-	4,132,235	3,151,755
762	-	2,744,948	2,709,855
650,954	-	2,271,630	2,175,227
44,770	-	313,660	234,270
11,653	34,709	2,648,320	2,982,889
-	25,208,985	25,208,985	19,504,044
-	6,876,993	6,876,993	5,968,039
<u>820,370</u>	<u>32,120,687</u>	<u>50,048,979</u>	<u>42,524,376</u>
<u>(68,663)</u>	<u>(3,843,893)</u>	<u>(3,811,078)</u>	<u>(844,035)</u>
-	307,917	307,917	455,649
<u>(637)</u>	<u>-</u>	<u>(220,237)</u>	<u>73,030</u>
<u>(637)</u>	<u>307,917</u>	<u>87,680</u>	<u>528,679</u>
(69,300)	(3,535,976)	(3,723,398)	(315,356)
-	-	354,962	490,051
35,000	313,220	702,810	662,108
<u>-</u>	<u>(969,750)</u>	<u>(1,531,750)</u>	<u>(2,546,763)</u>
(34,300)	(4,192,506)	(4,197,376)	(1,709,960)
<u>384,018</u>	<u>19,339,579</u>	<u>37,849,799</u>	<u>39,559,759</u>
<u>\$ 349,718</u>	<u>\$ 15,147,073</u>	<u>\$ 33,652,423</u>	<u>\$ 37,849,799</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Information Technology	Fleet Buildings
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 7,040,660	\$ 10,154,092
Cash payments to suppliers for goods and services	(2,789,139)	(6,045,320)
Cash payments to employees for services	(3,005,391)	(2,780,197)
Other operating revenues	-	-
Net cash provided by (used in) operating activities	<u>1,246,130</u>	<u>1,328,575</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	193,190	161,400
Transfers to other funds	(562,000)	-
Net cash provided by (used in) noncapital financing activities	<u>(368,810)</u>	<u>161,400</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to property, plant and equipment	(129,765)	(2,260,944)
Proceeds from sale of assets	-	128,254
Net cash used in capital and related financing activities	<u>(129,765)</u>	<u>(2,132,690)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investment securities	-	-
Interest on investments	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and temporary investments	747,555	(642,715)
Cash and temporary investments - January 1	<u>1,794,288</u>	<u>6,518,399</u>
Cash and temporary investments - December 31	<u>\$ 2,541,843</u>	<u>\$ 5,875,684</u>

Stationery Stores	Self Insurance	Totals	
		2004	2003
\$ 752,071	\$ 28,699,665	\$ 46,646,488	\$ 37,506,893
(762,206)	(29,891,709)	(39,488,374)	(31,537,222)
(54,557)	11,188	(5,828,957)	(5,753,199)
-	369,531	369,531	436,626
(64,692)	(811,325)	1,698,688	653,098
35,000	313,220	702,810	662,108
-	(969,750)	(1,531,750)	(2,546,763)
35,000	(656,530)	(828,940)	(1,884,655)
-	-	(2,390,709)	(2,130,041)
-	-	128,254	73,030
-	-	(2,262,455)	(2,057,011)
-	2,892	2,892	65,000
-	307,917	307,917	460,170
-	310,809	310,809	525,170
(29,692)	(1,157,046)	(1,081,898)	(2,763,398)
364,031	33,275,220	41,951,938	44,715,336
<u>\$ 334,339</u>	<u>\$ 32,118,174</u>	<u>\$ 40,870,040</u>	<u>\$ 41,951,938</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED) INTERNAL SERVICE FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	<u>Information Technology</u>	<u>Fleet and Buildings</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ 923,862</u>	<u>\$ (822,384)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	293,168	2,308,790
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	565	(15,213)
Decrease in inventory	-	128
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable and accrued expenses	31,447	(157,721)
Increase in claims payable	-	-
Increase (decrease) in compensated absences	<u>(2,912)</u>	<u>14,975</u>
Total adjustments	<u>322,268</u>	<u>2,150,959</u>
Net cash provided by (used in) operating activities	<u><u>\$ 1,246,130</u></u>	<u><u>\$ 1,328,575</u></u>

Supplemental Schedule of Non-Cash Investing and Financing Activities

Capital contributed by local government	\$ 336,932	\$ 18,030
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Stationery Stores	Self Insurance	Totals	
		2004	2003
<u>\$ (68,663)</u>	<u>\$ (3,843,893)</u>	<u>\$ (3,811,078)</u>	<u>\$ (844,035)</u>
11,653	34,709	2,648,320	2,982,889
364	792,402	778,118	(3,736,822)
-	-	128	112,476
(13,590)	(4,616)	(18,206)	1,986
5,544	376,265	255,535	270,593
-	1,822,620	1,822,620	1,825,000
-	11,188	23,251	41,011
<u>3,971</u>	<u>3,032,568</u>	<u>5,509,766</u>	<u>1,497,133</u>
<u>\$ (64,692)</u>	<u>\$ (811,325)</u>	<u>\$ 1,698,688</u>	<u>\$ 653,098</u>
\$ -	\$ -	\$ 354,962	\$ 490,051

CITY OF WICHITA, KANSAS

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS SELF INSURANCE FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Life Insurance	Health Insurance	Workers' Compensation	General Liability	Totals	
					2004	2003
OPERATING REVENUES						
Employer contributions	\$ 202,015	\$ 17,138,220	\$ 3,059,135	\$ 1,330,481	\$ 21,729,851	\$ 20,529,764
Employee contributions	359,153	5,818,259	-	-	6,177,412	5,072,706
Other	-	-	280,995	88,536	369,531	369,093
Total operating revenues	<u>561,168</u>	<u>22,956,479</u>	<u>3,340,130</u>	<u>1,419,017</u>	<u>28,276,794</u>	<u>25,971,563</u>
OPERATING EXPENSES						
Depreciation	-	-	999	33,710	34,709	35,896
Employee benefits	708,214	24,500,771	-	-	25,208,985	19,504,044
Insurance claims	-	-	141,907	6,735,086	6,876,993	5,968,039
Total operating expenses	<u>708,214</u>	<u>24,500,771</u>	<u>142,906</u>	<u>6,768,796</u>	<u>32,120,687</u>	<u>25,507,979</u>
Operating income (loss)	<u>(147,046)</u>	<u>(1,544,292)</u>	<u>3,197,224</u>	<u>(5,349,779)</u>	<u>(3,843,893)</u>	<u>463,584</u>
NONOPERATING REVENUES						
Interest earnings	50,466	22,750	124,891	109,810	307,917	455,649
Total nonoperating revenues	<u>50,466</u>	<u>22,750</u>	<u>124,891</u>	<u>109,810</u>	<u>307,917</u>	<u>455,649</u>
Income (loss) before operating transfers	(96,580)	(1,521,542)	3,322,115	(5,239,969)	(3,535,976)	919,233
Operating transfers:						
Transfers from other funds	-	-	-	3,209,051	3,209,051	309,630
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(2,895,831)</u>	<u>(969,750)</u>	<u>(3,865,581)</u>	<u>(156,432)</u>
Change in net assets	(96,580)	(1,521,542)	426,284	(3,000,668)	(4,192,506)	1,072,431
Total net assets - beginning	<u>3,088,622</u>	<u>3,785,849</u>	<u>1,681,203</u>	<u>10,783,905</u>	<u>19,339,579</u>	<u>18,267,148</u>
Total net assets - ending	<u>\$ 2,992,042</u>	<u>\$ 2,264,307</u>	<u>\$ 2,107,487</u>	<u>\$ 7,783,237</u>	<u>\$ 15,147,073</u>	<u>\$ 19,339,579</u>

CITY OF WICHITA, KANSAS

INFORMATION TECHNOLOGY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 6,957,390	\$ 6,858,960	\$ 7,033,282	\$ 174,322	\$ 6,282,323
Other revenue	-	98,430	4,466	(93,964)	5,919
Total revenues	6,957,390	6,957,390	7,037,748	80,358	6,288,242
EXPENDITURES					
Personal services	3,084,300	3,194,530	3,002,480	192,050	2,923,397
Contractual services	2,456,330	2,659,910	2,657,950	1,960	2,264,955
Materials and supplies	441,180	289,220	264,606	24,614	313,461
Capital outlay	268,600	284,400	235,796	48,604	149,503
City administrative charges	53,620	79,330	79,330	-	53,620
Cost of materials used	150,000	150,000	47,542	102,458	133,782
Contingency	125,000	914,740	-	914,740	-
Total expenditures	6,579,030	7,572,130	6,287,704	1,284,426	5,838,718
Excess (deficiency) of revenues over (under) expenditures	378,360	(614,740)	750,044	1,364,784	449,524
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	193,190	193,190	193,190	-	193,192
Transfers to other funds	(1,555,100)	(562,000)	(562,000)	-	(1,605,100)
Total other financing sources (uses)	(1,361,910)	(368,810)	(368,810)	-	(1,411,908)
Net change in unencumbered cash	(983,550)	(983,550)	381,234	1,364,784	(962,384)
Unencumbered cash - beginning	1,345,150	1,927,146	1,110,836	(816,310)	2,073,220
Unencumbered cash - ending	\$ 361,600	\$ 943,596	\$ 1,492,070	\$ 548,474	\$ 1,110,836

CITY OF WICHITA, KANSAS

FLEET AND BUILDINGS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 1,397,000	\$ 1,407,000	\$ 1,351,538	\$ (55,462)	\$ 1,113,734
Rental/lease income	8,980,570	8,951,690	8,841,875	(109,815)	7,634,563
Other revenue	145,500	164,380	104,037	(60,343)	57,838
Total revenues	10,523,070	10,523,070	10,297,450	(225,620)	8,806,135
EXPENDITURES					
Personal services	3,079,410	2,738,550	2,795,172	(56,622)	2,765,493
Contractual services	1,141,960	1,289,810	1,244,454	45,356	1,400,700
Materials and supplies	2,477,400	2,386,300	2,502,455	(116,155)	2,285,240
Capital outlay	2,650,000	2,730,000	2,639,059	90,941	1,589,246
City administrative charges	145,450	189,560	189,560	-	145,450
Cost of materials used	1,250,000	1,600,000	1,657,560	(57,560)	1,590,265
Contingency	290,000	100,000	-	100,000	-
Total expenditures	11,034,220	11,034,220	11,028,260	5,960	9,776,394
Excess (deficiency) of revenues over (under) expenditures	(511,150)	(511,150)	(730,810)	(219,660)	(970,259)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	161,400	161,400	-
Transfers to other funds	-	-	-	-	(691,045)
Total other financing sources (uses)	-	-	161,400	161,400	(691,045)
Net change in unencumbered cash	(511,150)	(511,150)	(569,410)	(58,260)	(1,661,304)
Unencumbered cash - beginning	728,956	4,454,652	4,473,532	18,880	6,134,836
Unencumbered cash - ending	\$ 217,806	\$ 3,943,502	\$ 3,904,122	\$ (39,380)	\$ 4,473,532

CITY OF WICHITA, KANSAS

STATIONERY STORES FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	2003 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 950,000	\$ 920,000	\$ 738,478	\$ (181,522)	\$ 757,201
Other revenue	-	60,100	-	(60,100)	413
Total revenues	950,000	980,100	738,478	(241,622)	757,614
EXPENDITURES					
Personal services	61,160	63,040	54,556	8,484	53,201
Contractual services	114,770	74,770	57,684	17,086	37,992
Materials and supplies	5,000	5,000	762	4,238	4,914
Capital outlay	-	-	-	-	40,620
City administrative charges	46,240	44,770	44,770	-	46,240
Cost of materials used	800,000	800,000	636,796	163,204	597,697
Contingency	175,000	214,590	-	214,590	-
Total expenditures	1,202,170	1,202,170	794,568	407,602	780,664
Excess (deficiency) of revenues over (under) expenditures	(252,170)	(222,070)	(56,090)	165,980	(23,050)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	65,100	35,000	35,000	-	65,100
Total other financing sources (uses)	65,100	35,000	35,000	-	65,100
Net change in unencumbered cash	(187,070)	(187,070)	(21,090)	165,980	42,050
Unencumbered cash - beginning	226,803	473,469	318,979	(154,490)	276,929
Unencumbered cash - ending	\$ 39,733	\$ 286,399	\$ 297,889	\$ 11,490	\$ 318,979

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— FIDUCIARY FUNDS —

Fiduciary funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

Pension Trust Funds - accounts for the receipt, investment and distribution of retirement contributions made for the benefit of police, fire and other City employees.

*Police and Fire Retirement System
Employees' Retirement
Employees' Retirement Plan 3*

Agency Funds - accounts for resources received and held by the City as agent which are to be expended as directed by the party for which the City is acting as agent.

*Payroll Liability
Special Assessment Advance Payments
Neighborhood Revitalization
IRB, Payment-in-lieu-of taxes (PILOT)*

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF NET ASSETS PENSION TRUST FUNDS December 31, 2004 (with comparative totals for December 31, 2003)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals	
				2004	2003
ASSETS					
Cash and temporary investments	\$ 10,908,336	\$ 11,941,517	\$ 486,516	\$ 23,336,369	\$ 15,818,927
Receivables:					
Investment sales pending	4,895,469	5,628,513	143,814	10,667,796	1,366,652
Interest and dividends	826,060	949,754	24,267	1,800,081	1,783,275
Other	-	-	-	-	481,785
Total receivables	5,721,529	6,578,267	168,081	12,467,877	3,631,712
Investments, at fair value:					
Government securities: long term	14,605,378	16,792,017	437,136	31,834,531	24,237,380
Corporate debt instruments: long term	28,800,102	33,111,902	861,980	62,773,984	65,662,034
Mortgage-backed securities	19,345,558	22,241,873	579,008	42,166,439	36,666,427
Corporate stocks: domestic common	139,431,974	160,306,995	4,173,168	303,912,137	273,185,685
Corporate stocks: international common	54,347,685	62,484,335	1,626,614	118,458,634	80,016,126
Real estate	10,349,622	11,899,113	309,762	22,558,497	-
Value of interest in pooled funds: domestic fixed income	42,358,760	48,700,491	1,267,788	92,327,039	90,051,833
Value of interest in pooled funds: international fixed income	-	-	-	-	46,445,521
Value of interest in pooled funds: domestic equities	49,439,947	56,841,836	1,479,726	107,761,509	92,011,175
Value of interest in pooled funds: international equities	31,697,250	36,442,795	948,691	69,088,736	61,295,276
Total investments	390,376,276	448,821,357	11,683,873	850,881,506	769,571,457
Total assets	407,006,141	467,341,141	12,338,470	886,685,752	789,022,096
LIABILITIES					
Accounts payable and accrued expenses	2,128,255	2,130,998	110,759	4,370,012	3,960,476
Investment purchases pending	5,100,668	5,864,438	149,843	11,114,949	2,340,467
Securities lending obligations	16,703,158	19,204,277	490,690	36,398,125	-
Total liabilities	23,932,081	27,199,713	751,292	51,883,086	6,300,943
NET ASSETS					
Held in trust for pension benefits	\$ 383,074,060	\$ 440,141,428	\$ 11,587,178	\$ 834,802,666	\$ 782,721,153

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN NET ASSETS PENSION TRUST FUNDS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals	
				2004	2003
ADDITIONS					
Contributions:					
Employer	\$ 6,925,467	\$ 2,084,558	\$ 1,219,589	\$ 10,229,614	\$ 8,265,984
Employee	3,482,237	2,279,422	1,219,589	6,981,248	6,908,919
Total contributions	10,407,704	4,363,980	2,439,178	17,210,862	15,174,903
Investment income:					
<i>From investment activities</i>					
Net appreciation in fair value					
value of investments	28,537,947	32,815,383	944,715	62,298,045	135,784,440
Interest and dividends	6,652,899	7,718,781	205,825	14,577,505	11,481,262
Commission recapture	66,011	74,085	1,666	141,762	114,056
Total investing activity income	35,256,857	40,608,249	1,152,206	77,017,312	147,379,758
Less investment expense	1,583,615	1,816,989	46,091	3,446,695	3,266,382
Net income from investing activities	33,673,242	38,791,260	1,106,115	73,570,617	144,113,376
<i>From securities lending activities</i>					
Securities lending income	191,413	218,948	5,546	415,907	932,443
Securities lending activities expenses:					
Borrower rebates	135,962	156,116	3,959	296,037	668,348
Management fees	11,796	13,621	343	25,760	78,726
Total securities lending activities expenses	147,758	169,737	4,302	321,797	747,074
Net income from securities lending activities	43,655	49,211	1,244	94,110	185,369
Total net investment income	33,716,897	38,840,471	1,107,359	73,664,727	144,298,745
Transfers from other funds	-	1,528,790	-	1,528,790	1,138,869
Total additions	44,124,601	44,733,241	3,546,537	92,404,379	160,612,517
DEDUCTIONS					
Pension benefits	16,759,781	18,882,250	-	35,642,031	34,289,067
DROP and Back DROP payments	635,674	879,053	-	1,514,727	1,863,183
Pension administration	262,061	271,128	33,056	566,245	562,634
Employee contributions refunded	283,197	387,089	400,787	1,071,073	853,838
Transfers to other funds	-	-	1,528,790	1,528,790	1,138,869
Total deductions	17,940,713	20,419,520	1,962,633	40,322,866	38,707,591
Change in net assets	26,183,888	24,313,721	1,583,904	52,081,513	121,904,926
Net assets - beginning	356,890,172	415,827,707	10,003,274	782,721,153	660,816,227
Net assets - ending	\$ 383,074,060	\$ 440,141,428	\$ 11,587,178	\$ 834,802,666	\$ 782,721,153

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

For the year ended December 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<u>Payroll Liability Fund</u>				
ASSETS				
Cash and temporary investments	\$ 348,573	\$ 97,099,709	\$ 95,069,073	\$ 2,379,209
Accounts receivable	1,184,472	-	1,184,472	-
	<u>1,533,045</u>	<u>97,099,709</u>	<u>96,253,545</u>	<u>2,379,209</u>
Total assets	<u>\$ 1,533,045</u>	<u>\$ 97,099,709</u>	<u>\$ 96,253,545</u>	<u>\$ 2,379,209</u>
LIABILITIES				
Accounts payable	\$ 1,533,045	\$ 52,292,499	\$ 51,446,335	\$ 2,379,209
	<u>1,533,045</u>	<u>52,292,499</u>	<u>51,446,335</u>	<u>2,379,209</u>
Total liabilities	<u>\$ 1,533,045</u>	<u>\$ 52,292,499</u>	<u>\$ 51,446,335</u>	<u>\$ 2,379,209</u>
 <u>Special Assessment Advance Payments Fund</u>				
ASSETS				
Cash and temporary investments	\$ 5,759,885	\$ 1,020,577	\$ 1,048,843	\$ 5,731,619
Investments	400,820	19,173	2,272	417,721
Accounts receivable	12,221	-	-	12,221
Interest receivable	3,541	9,375	9,375	3,541
	<u>6,176,467</u>	<u>1,049,125</u>	<u>1,060,490</u>	<u>6,165,102</u>
Total assets	<u>\$ 6,176,467</u>	<u>\$ 1,049,125</u>	<u>\$ 1,060,490</u>	<u>\$ 6,165,102</u>
LIABILITIES				
Deposits	\$ 6,176,467	\$ 917,251	\$ 928,616	\$ 6,165,102
	<u>6,176,467</u>	<u>917,251</u>	<u>928,616</u>	<u>6,165,102</u>
Total liabilities	<u>\$ 6,176,467</u>	<u>\$ 917,251</u>	<u>\$ 928,616</u>	<u>\$ 6,165,102</u>
 <u>Neighborhood Revitalization Fund</u>				
ASSETS				
Cash and temporary investments	\$ 15,912	\$ 70,678	\$ 57,372	\$ 29,218
	<u>15,912</u>	<u>70,678</u>	<u>57,372</u>	<u>29,218</u>
Total assets	<u>\$ 15,912</u>	<u>\$ 70,678</u>	<u>\$ 57,372</u>	<u>\$ 29,218</u>
LIABILITIES				
Accounts payable	\$ -	\$ 57,543	\$ 57,543	\$ -
Deposits	15,912	70,679	57,373	29,218
	<u>15,912</u>	<u>128,222</u>	<u>114,916</u>	<u>29,218</u>
Total liabilities	<u>\$ 15,912</u>	<u>\$ 128,222</u>	<u>\$ 114,916</u>	<u>\$ 29,218</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) ALL AGENCY FUNDS

For the year ended December 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<u>IRB, PILOT Fund</u>				
ASSETS				
Cash and temporary investments	\$ -	\$ 50,694	\$ 50,694	\$ -
Accounts receivable	17,133	50,694	50,694	17,133
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 17,133</u>	<u>\$ 101,388</u>	<u>\$ 101,388</u>	<u>\$ 17,133</u>
LIABILITIES				
Accounts payable	\$ -	\$ 50,694	\$ 50,694	\$ -
Deposits	17,133	50,694	50,694	17,133
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 17,133</u>	<u>\$ 101,388</u>	<u>\$ 101,388</u>	<u>\$ 17,133</u>

Totals - All Agency Funds

ASSETS				
Cash and temporary investments	\$ 6,124,370	\$ 98,241,658	\$ 96,225,982	\$ 8,140,046
Investments	400,820	19,173	2,272	417,721
Accounts receivable	1,213,826	50,694	1,235,166	29,354
Interest receivable	3,541	9,375	9,375	3,541
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 7,742,557</u>	<u>\$ 98,320,900</u>	<u>\$ 97,472,795</u>	<u>\$ 8,590,662</u>
LIABILITIES				
Accounts payable	\$ 1,533,045	\$ 52,400,736	\$ 51,554,572	\$ 2,379,209
Deposits	6,209,512	1,038,624	1,036,683	6,211,453
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 7,742,557</u>	<u>\$ 53,439,360</u>	<u>\$ 52,591,255</u>	<u>\$ 8,590,662</u>

— COMPONENT UNIT —

The Wichita Building Commission (WPBC) is reported as a discretely presented component unit within the financial statements of the City of Wichita (the reporting entity) to emphasize its separate legal status. The WPBC acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees.

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS COMPONENT UNIT - WICHITA PUBLIC BUILDING COMMISSION For the year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Proceeds from long term debt	\$ -	\$ 15,580,000
Project expenditures	(19,584)	(1,622,756)
Received on direct financing lease	1,430,000	4,225,000
Debt service - principal	(1,430,000)	(4,225,000)
Debt service - refunding	-	(15,320,000)
Debt service - interest	(1,332,194)	(1,792,293)
Net cash (used in) capital and related financing activities	<u>(1,351,778)</u>	<u>(3,155,049)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment	-	973,305
Interest on lease investment	<u>1,285,305</u>	<u>2,116,462</u>
Net cash (used in) investment activities	<u>1,285,305</u>	<u>3,089,767</u>
Net increase in cash and temporary investments	(66,473)	(65,282)
Cash and temporary investments - January 1	<u>1,918,271</u>	<u>1,983,553</u>
Cash and temporary investments - December 31	<u><u>\$ 1,851,798</u></u>	<u><u>\$ 1,918,271</u></u>

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— ADDITIONAL INFORMATION —

Additional schedules represent various financial schedules of the City. Included are supplementary schedules pertaining to long-term debt obligations and investments.

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF CHANGES IN BONDS PAYABLE Year ended December 31, 2004

	Balance January 1, 2004	Issued	Retired	Balance December 31, 2004
General obligation bonds payable from:				
Ad valorem property taxes	\$ 78,744,178	\$ 19,930,000	\$ 23,421,091	\$ 75,253,087
Special assessments	160,865,000	78,940,000	33,085,000	206,720,000
Tax increment financing	18,549,848	13,469,395	3,896,818	28,122,425
Transient guest tax	10,552,208	935,605	1,377,633	10,110,180
Airport Authority	4,315,000	-	575,000	3,740,000
Golf Course System	7,014,486	-	633,982	6,380,504
Transit	16,010	-	16,010	-
Local sales tax	92,690,000	36,000,000	6,510,000	122,180,000
Storm Water Utility	7,476,660	-	1,751,320	5,725,340
Revenue bonds payable from:				
Water Utility	129,913,970	-	5,881,628	124,032,342
Sewer Utility	122,999,027	-	4,528,274	118,470,753
Airport Special Facilities	77,569,852	-	3,403,699	74,166,153
Wichita Public Building Commission	33,505,000	-	1,430,000	32,075,000
	<u>\$ 744,211,239</u>	<u>\$ 149,275,000</u>	<u>\$ 86,510,455</u>	<u>\$ 806,975,784</u>

RECONCILIATION OF BONDS PAYABLE December 31, 2004

General obligation bonds	\$ 458,231,536
Revenue bonds	<u>348,744,248</u>
Total bonds payable	<u>\$ 806,975,784</u>
Serial bonds payable exclusive of bond anticipation notes	\$ 442,385,692
Bonds payable from component unit	32,075,000
Bonds payable from proprietary funds	<u>332,515,092</u>
Total bonds payable	<u>\$ 806,975,784</u>

CITY OF WICHITA, KANSAS

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES
 BASED ON BONDED DEBT AS OF DECEMBER 31, 2004

Year	PAYABLE FROM TAXES			PAYABLE FROM TRANSIENT GUEST TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2005	\$ 13,041,600	\$ 2,565,950	\$ 15,607,550	\$ 1,219,967	\$ 720,737	\$ 1,940,704
2006	10,897,920	2,180,079	13,077,999	2,173,598	756,597	2,930,195
2007	10,757,493	1,821,728	12,579,221	1,162,385	731,702	1,894,087
2008	9,757,139	1,431,818	11,188,957	915,686	751,669	1,667,355
2009	8,788,137	1,051,780	9,839,917	901,477	778,128	1,679,605
2010	6,710,580	742,556	7,453,136	889,911	796,976	1,686,887
2011	5,381,076	505,070	5,886,146	891,553	811,924	1,703,477
2012	5,390,073	308,154	5,698,227	891,264	824,992	1,716,256
2013	3,509,069	125,146	3,634,215	896,914	829,966	1,726,880
2014	1,020,000	16,830	1,036,830	167,425	8,371	175,796
	<u>\$ 75,253,087</u>	<u>\$ 10,749,111</u>	<u>\$ 86,002,198</u>	<u>\$ 10,110,180</u>	<u>\$ 7,011,062</u>	<u>\$ 17,121,242</u>

Year	PAYABLE FROM TAX INCREMENT FINANCING			PAYABLE FROM LOCAL SALES TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2005	\$ 6,900,909	\$ 1,090,726	\$ 7,991,635	\$ 8,680,000	\$ 5,741,665	\$ 14,421,665
2006	3,492,121	871,678	4,363,799	8,995,000	5,143,888	14,138,888
2007	2,117,121	726,911	2,844,032	6,800,000	4,721,538	11,521,538
2008	2,285,303	642,925	2,928,228	7,090,000	4,416,688	11,506,688
2009	2,463,485	548,110	3,011,595	7,485,000	4,095,981	11,580,981
2010	2,108,636	451,238	2,559,874	7,820,000	3,766,475	11,586,475
2011	2,284,849	364,471	2,649,320	8,205,000	3,417,000	11,622,000
2012	2,464,091	268,651	2,732,742	8,555,000	3,042,913	11,597,913
2013	1,623,334	163,626	1,786,960	8,955,000	2,635,200	11,590,200
2014	647,576	89,648	737,224	9,335,000	2,193,825	11,528,825
2015	405,000	64,094	469,094	9,730,000	1,746,300	11,476,300
2016	425,000	49,919	474,919	10,150,000	1,272,888	11,422,888
2017	445,000	34,513	479,513	10,600,000	806,250	11,406,250
2018	460,000	17,825	477,825	6,710,000	392,388	7,102,388
2019	-	-	-	3,070,000	69,075	3,139,075
	<u>\$ 28,122,425</u>	<u>\$ 5,384,335</u>	<u>\$ 33,506,760</u>	<u>\$ 122,180,000</u>	<u>\$ 43,462,074</u>	<u>\$ 165,642,074</u>

Year	TOTAL PAYABLE FROM PROPERTY TAXES			PAYABLE FROM SPECIAL ASSESSMENTS		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2005	\$ 29,842,476	\$ 10,119,078	\$ 39,961,554	\$ 30,790,000	\$ 8,409,628	\$ 39,199,628
2006	25,558,639	8,952,242	34,510,881	21,790,000	7,355,538	29,145,538
2007	20,836,999	8,001,880	28,838,879	20,265,000	6,427,072	26,692,072
2008	20,048,128	7,243,100	27,291,227	16,315,000	5,587,422	21,902,422
2009	19,638,100	6,473,999	26,112,099	15,890,000	4,976,475	20,866,475
2010	17,529,127	5,757,245	23,286,372	16,135,000	4,354,290	20,489,290
2011	16,762,478	5,098,464	21,860,943	15,320,000	3,710,478	19,030,478
2012	17,300,427	4,444,710	21,745,138	14,440,000	3,077,955	17,517,955
2013	14,984,317	3,753,938	18,738,255	13,520,000	2,450,643	15,970,643
2014	11,170,001	2,308,675	13,478,675	12,065,000	1,839,950	13,904,950
2015	10,135,000	1,810,394	11,945,394	10,505,000	1,304,925	11,809,925
2016	10,575,000	1,322,807	11,897,807	6,885,000	828,398	7,713,398
2017	11,045,000	840,763	11,885,763	5,760,000	537,200	6,297,200
2018	7,170,000	410,213	7,580,213	4,615,000	293,784	4,908,784
2019	3,070,000	69,075	3,139,075	2,250,000	100,799	2,350,799
2020	-	-	-	35,000	8,068	43,068
2021	-	-	-	35,000	6,528	41,528
2022	-	-	-	35,000	4,953	39,953
2023	-	-	-	35,000	3,308	38,308
2024	-	-	-	35,000	1,663	36,663
	<u>\$ 235,665,692</u>	<u>\$ 66,606,583</u>	<u>\$ 302,272,275</u>	<u>\$ 206,720,000</u>	<u>\$ 51,279,077</u>	<u>\$ 257,999,077</u>

CITY OF WICHITA, KANSAS

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES PAYABLE FROM PROPRIETARY FUND REVENUES BASED ON BONDED DEBT AS OF DECEMBER 31, 2004

PROPRIETARY FUNDS						
Year	Airport Authority		Golf Course System		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 590,000	\$ 196,305	\$ 653,982	\$ 324,486	\$ 1,831,320	\$ 186,878
2006	625,000	163,900	632,602	286,254	1,917,377	107,352
2007	605,000	129,149	464,026	254,256	282,377	62,688
2008	640,000	94,933	479,947	232,213	282,377	55,275
2009	675,000	58,306	504,947	208,958	282,377	46,804
2010	525,000	19,563	525,000	184,243	282,378	37,274
2011	80,000	4,240	555,000	158,255	282,378	27,179
2012	-	-	590,000	130,228	282,378	16,660
2013	-	-	620,000	99,990	282,378	5,648
2014	-	-	660,000	67,750	-	-
2015	-	-	695,000	34,750	-	-
	<u>\$ 3,740,000</u>	<u>\$ 666,396</u>	<u>\$ 6,380,504</u>	<u>\$ 1,981,383</u>	<u>\$ 5,725,340</u>	<u>\$ 545,758</u>

PROPRIETARY FUNDS			
Totals			
Year	Principal	Interest	Debt Service Charges
2005	\$ 3,075,302	\$ 707,668	\$ 3,782,970
2006	3,174,979	557,507	3,732,486
2007	1,351,403	446,093	1,797,496
2008	1,402,324	382,421	1,784,745
2009	1,462,324	314,068	1,776,392
2010	1,332,378	241,079	1,573,457
2011	917,378	189,674	1,107,052
2012	872,378	146,888	1,019,266
2013	902,378	105,638	1,008,016
2014	660,000	67,750	727,750
2015	695,000	34,750	729,750
	<u>\$ 15,845,844</u>	<u>\$ 3,193,536</u>	<u>\$ 19,039,380</u>

CITY OF WICHITA, KANSAS

**SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES
PAYABLE FROM PROPRIETARY FUND AND COMPONENT UNIT REVENUES
BASED ON BONDED DEBT AS OF DECEMBER 31, 2004**

PROPRIETARY FUNDS

Year	Water Utility		Sewer Utility		Wichita Airport Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 6,175,624	\$ 5,874,435	\$ 4,760,898	\$ 5,641,282	\$ 3,691,173	\$ 4,680,116
2006	6,457,088	5,600,644	4,966,606	5,450,386	1,268,218	4,504,341
2007	6,768,507	5,309,109	5,202,936	5,244,666	1,359,317	4,415,832
2008	6,652,820	4,997,523	5,096,978	5,018,690	300,000	4,340,666
2009	7,265,900	4,708,407	5,452,887	4,799,878	11,747,445	4,321,186
2010	7,196,760	4,386,191	5,171,678	4,567,215	450,000	3,389,950
2011	7,554,459	4,029,756	5,944,327	4,310,635	480,000	3,360,934
2012	7,902,734	3,646,028	6,727,127	4,011,866	505,000	3,329,794
2013	7,081,905	3,282,505	6,119,793	3,701,716	470,000	3,296,067
2014	7,448,164	2,945,286	6,406,172	3,411,547	435,000	3,266,457
2015	7,863,719	2,588,064	6,774,091	3,103,208	-	3,237,094
2016	8,342,708	2,204,286	7,189,452	2,766,348	-	3,237,094
2017	5,578,392	1,797,390	5,049,036	2,409,075	-	3,237,094
2018	5,934,887	1,538,921	5,358,772	2,156,300	-	3,237,094
2019	3,330,897	1,264,284	4,510,000	1,888,199	-	3,237,094
2020	3,489,190	1,098,991	4,725,000	1,662,699	-	3,237,094
2021	3,663,588	925,844	4,975,000	1,426,449	1,300,000	3,159,365
2022	3,275,000	750,576	5,225,000	1,177,699	-	3,139,594
2023	3,450,000	586,826	5,475,000	916,449	-	3,139,594
2024	1,550,000	414,326	2,400,000	642,699	-	3,139,594
2025	1,745,000	336,826	2,695,000	522,699	-	3,139,594
2026	1,745,000	253,451	2,695,000	393,924	-	3,139,594
2027	1,740,000	170,076	2,700,000	265,149	-	3,139,594
2028	1,820,000	86,939	2,850,000	136,137	-	3,139,594
2029	-	-	-	-	-	3,139,594
2030	-	-	-	-	-	3,139,594
2031	-	-	-	-	2,860,000	3,129,870
2032	-	-	-	-	49,300,000	1,540,625
	<u>\$ 124,032,342</u>	<u>\$ 58,796,684</u>	<u>\$ 118,470,753</u>	<u>\$ 65,624,915</u>	<u>\$ 74,166,153</u>	<u>\$ 94,414,113</u>

COMPONENT UNIT

Wichita Public Building Commission		Totals		
Principal	Interest	Principal	Interest	Charges
\$ 2,560,000	\$ 1,203,196	\$ 17,187,695	\$ 17,399,029	\$ 34,586,724
2,760,000	1,126,466	15,451,912	16,681,837	32,133,749
2,525,000	1,035,824	15,855,760	16,005,431	31,861,191
2,425,000	949,209	14,474,798	15,306,088	29,780,886
2,505,000	865,586	26,971,232	14,695,057	41,666,289
2,595,000	773,228	15,413,438	13,116,584	28,530,022
2,695,000	677,553	16,673,786	12,378,878	29,052,664
2,790,000	581,495	17,924,861	11,569,183	29,494,044
2,890,000	473,696	16,561,698	10,753,983	27,315,681
3,010,000	354,263	17,299,336	9,977,553	27,276,889
1,480,000	220,960	16,117,810	9,149,326	25,267,136
1,555,000	146,315	17,087,160	8,354,043	25,441,203
1,630,000	69,196	12,257,428	7,512,755	19,770,183
100,000	28,420	11,393,659	6,960,735	18,354,394
100,000	24,420	7,940,897	6,413,997	14,354,894
105,000	20,020	8,319,190	6,018,804	14,337,994
110,000	15,400	10,048,588	5,527,058	15,575,646
115,000	10,560	8,615,000	5,078,429	13,693,429
125,000	5,500	9,050,000	4,648,369	13,698,369
-	-	3,950,000	4,196,619	8,146,619
-	-	4,440,000	3,999,119	8,439,119
-	-	4,440,000	3,786,969	8,226,969
-	-	4,440,000	3,574,819	8,014,819
-	-	4,670,000	3,362,670	8,032,670
-	-	-	3,139,594	3,139,594
-	-	-	3,139,594	3,139,594
-	-	2,860,000	3,129,870	5,989,870
-	-	49,300,000	1,540,625	50,840,625
<u>\$ 32,075,000</u>	<u>\$ 8,581,307</u>	<u>\$ 348,744,248</u>	<u>\$ 227,417,019</u>	<u>\$ 576,161,267</u>

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS

December 31, 2004

	Interest Rates		Maturity Dates		Carrying Amount	Fair Value
	From	To	From	To		
<u>Special Revenue Funds</u>						
Wichita Housing Authority:						
Certificates of Deposits	1.150	2.320	01/05	05/05	\$ 1,900,000	\$ 1,900,000
Total Wichita Housing Authority					1,900,000	1,900,000
HUD 108 Loan:						
U.S. Government Obligations	1.625	2.251	03/05	05/05	\$ 2,590,617	\$ 2,600,000
Total HUD 108 Loan					2,590,617	2,600,000
Total Special Revenue Funds					4,490,617	4,500,000
<u>Permanent Fund</u>						
Cemetery Fund:						
U.S. Government Obligations	13.875	13.875	05/11	05/11	171,009	177,475
Common Stocks	-	-	-	-	80,437	80,437
Total Permanent Fund					251,446	257,912
<u>Internal Service Funds</u>						
Self Insurance Fund:						
Group Life Insurance Fund:						
U.S. Government Obligations	13.875	13.875	05/11	05/11	194,228	200,375
Corporate Bonds and Debentures	6.125	6.125	01/06	01/06	49,863	51,211
Total Internal Service Funds					244,091	251,586
<u>Fiduciary Funds</u>						
Police and Fire Retirement System:						
U.S. Government and Agency Securities	2.750	6.625	02/05	09/12	13,206,497	13,206,497
Corporate Bonds and Debentures	2.750	9.340	02/05	04/32	28,074,622	28,074,622
Common Stocks	-	-	-	-	181,775,637	181,775,637
Mortgage and Asset Backed Securities	4.500	11.500	07/05	01/40	16,772,233	16,772,233
Securities Lending Collateral Pool	-	-	-	-	16,703,158	16,703,158
Mutual/Pooled Funds	-	-	-	-	133,844,129	133,844,129
Total Police and Fire Retirement					390,376,276	390,376,276

(Continued)

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS (CONTINUED)

December 31, 2004

	Interest Rates		Maturity Dates		Carrying Amount	Fair Value
	From	To	From	To		
Wichita Employees' Retirement System: ¹						
U.S. Government and Agency Securities	2.750	6.625	02/05	09/12	15,579,284	15,579,284
Corporate Bonds and Debentures	2.750	9.340	02/05	04/32	33,118,737	33,118,737
Common Stocks	-	-	-	-	214,434,922	214,434,922
Mortgage and Asset Backed Securities	4.500	11.500	07/05	01/40	19,785,668	19,785,668
Securities Lending Collateral Pool	-	-	-	-	19,694,967	19,694,967
Mutual/Pooled Funds	-	-	-	-	157,891,652	157,891,652
Total Wichita Employees' Retirement					460,505,230	460,505,230
Special Assessment Prepay:						
U.S. Government Obligations	9.375	9.375	02/06	11/16	\$ 417,721	\$ 434,363
Total Special Assessment Prepay					417,721	434,363
Total Fiduciary Funds					851,299,227	851,315,869
<u>Component Unit</u>						
Wichita Public Building Commission:						
Mutual/Pooled Funds	-	-	-	-	1,851,798	1,851,798
Total Public Building Commission					1,851,798	1,851,798
<u>Treasurer's Pooled Cash</u>						
Municipal Investment Pool	1.695	2.014	12/04	01/05	27,042,504	27,042,504
Certificates of Deposits	1.150	2.710	01/05	12/05	22,200,000	22,200,000
U.S. Government Obligations	1.125	7.000	01/05	08/07	215,268,530	214,213,592
Total Treasurer's Pooled Cash					264,511,034	263,456,096
Total Investments - All Funds					<u>\$ 1,122,648,213</u>	<u>\$ 1,121,633,261</u>

¹ The investments for the Wichita Employees' Retirement System include investments held by the Employees' Retirement Plan 3.

CITY OF WICHITA, KANSAS

SCHEDULE OF INSURANCE IN FORCE

December 31, 2004

Company	Policy Period		Details of Coverage
	From	To	
Allianz	01-04	01-05	Property Insurance - All risk coverage on real and personal property of the City and property of others for which the City is legally liable, per I.A.W statement of values on replacement cost basis.
Allianz	01-04	01-05	Property Insurance - Comprehensive coverage for steam boilers, air conditioning and electric motors. Property coverage for repair or replacement cost basis.
Allianz	01-04	01-05	Data processing property protection
Hartford Fire	01-04	01-05	Burglary and/or theft coverage for monies and securities
Hartford Fire	01-04	01-05	Blanket position bond - coverage per dishonest acts of employees
Housing Authority Risk Retention Group, Inc.	06-04	06-05	WHA general liability
Travelers Indemnity Co.	06-04	06-05	WHA fire insurance on owned units
Philadelphia Indemnity Insurance	12-04	12-05	WHA flood insurance on owned units
Employers Reinsurance Corp Company	01-04	01-05	Excess workers' compensation coverage - all City employees
Zurich	01-04	01-05	Travel accident insurance
AIG Aviation	01-04	01-05	Helicopter liability coverage - property damage and bodily damage
AIG Aviation	01-04	01-05	Helicopter hull coverage

Terms	Deductible	Liability Limits
Per occurrence	\$ 100,000	\$ 100,000,000
Per occurrence	10,000	55,000,000
Hardware	100,000	10,000,000
Per occurrence	10,000	500,000
Per loss/per employee	5,000	1,000,000
Per occurrence	10,000	5,000,000
Per occurrence	5,000	38,748,029 combined limit based on individual property value
Per occurrence	5,000	48,000 per unit
Per occurrence - liability imposed by law	500,000	Unlimited
Per person / occurrence	0	100,000
Per occurrence		500,000
Per occurrence	0	500,000
Per occurrence	120,000	1,200,000

CITY OF WICHITA, KANSAS

SCHEDULE OF INSURANCE IN FORCE (CONTINUED)

December 31, 2004

Company	Policy Period		Details of Coverage
	From	To	
<u>WICHITA AIRPORT AUTHORITY</u>			
Aircraft Aviation	07-04	07-05	Comprehensive general liability and property damage
Great American Alliance Insurance Company	04-04	04-05	Underground storage tank liability
US Fidelity & Guarranty	04-04	04-05	General Liability - skycap services
<u>WICHITA ART MUSEUM</u>			
Ace Fire Underwriters Insurance Company	01-04	01-05	All risk coverage for fine arts collections, on premises, worldwide transit coverage and other locations
<u>WICHITA PUBLIC BUILDING COMMISSION - STATE OFFICE BUILDING</u>			
St. Paul	01-04	01-05	Property - buildings and earnings State Office Building and parking facility
Western Heritage	01-04	01-05	Comprehensive general liability

Terms	Deductible	Liability Limits
Per occurrence	\$ 10,000	\$ 50,000,000
Per occurrence	10,000	1,000,000
Per occurrence	0	300,000
Per occurrence Permanent Collection and Loan Collection	1,000	80,858,350 @ insured's premises; \$20,000,000 @ any other locatoin; \$20,000,000 in transit; \$50,000,000 any one loss / disaster
Per occurrence as scheduled	5,000	27,500,000
Per occurrence	1,000	2,000,000

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—— STATISTICAL SECTION ——

The Statistical Section includes schedules showing ten-year financial trends as extracted from current and prior years' financial reports and other supplemental information relevant to the City. The statistical schedules reflect social and economic data, financial trends and the fiscal capacity of the City.

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CITY OF WICHITA, KANSAS

GENERAL GOVERNMENT REVENUES BY SOURCE ¹ 1995 TO 2004 INCLUSIVE

Year	Taxes	Special Assessments	Franchise Fees	Local Sales Tax	Intergovernmental	Licenses and Permits
1995	\$ 59,109,590	\$ 28,338,380	\$ 24,093,937	\$ 33,183,589	\$ 48,580,678	\$ 3,601,599
1996	59,962,122	28,529,206	26,138,340	33,492,240	58,069,696	3,451,183
1997	63,692,486	26,894,346	26,455,348	35,359,410	59,292,126	4,484,107
1998	66,415,469	24,778,035	27,208,461	39,129,814	58,699,654	4,657,614
1999	68,046,858	23,915,289	27,636,037	38,237,574	75,954,075	4,714,786
2000	75,663,130	25,876,797	29,088,392	37,778,881	73,681,578	5,272,042
2001	81,585,715	26,294,749	31,521,170	40,187,186	71,329,574	6,382,478
2002	86,915,250	27,557,210	28,792,310	40,952,104	66,352,482	6,331,427
2003	90,843,658	25,875,386	29,259,353	39,735,404	90,491,983	5,614,375
2004	99,288,559	26,371,062	29,555,657	44,738,968	96,078,213	6,069,181

¹ All Governmental Fund types including Expendable Trust Funds are reported for 1995-2001.

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION ¹ 1995 TO 2004

Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare
1995	\$ 22,833,395	\$ 62,162,833	\$ 17,098,696	\$ 2,296,627	\$ 29,159,834
1996	21,660,305	66,256,654	15,528,097	2,528,351	29,722,211
1997	21,952,110	68,125,546	14,784,097	4,261,661	32,923,765
1998	23,021,931	71,029,077	16,706,548	4,618,925	29,287,476
1999	24,452,917	72,930,754	15,960,318	5,407,763	31,573,314
2000	23,979,859	76,700,135	17,368,273	4,649,402	37,618,452
2001	25,496,253	78,639,160	17,685,470	6,814,361	38,740,569
2002	29,643,689	84,887,467	18,658,540	4,466,424	36,821,609
2003	25,342,630	86,742,013	17,726,020	3,590,546	38,100,143
2004	29,835,598	91,575,588	18,795,807	3,592,423	34,741,362

¹ All Governmental Fund types including Expendable Trust Funds are reported for 1995-2001.

<u>Fines and Penalties</u>	<u>Rentals</u>	<u>Interest Earnings</u>	<u>Charges for Services and Sales</u>	<u>Other Revenues</u>	<u>Total</u>
\$ 4,679,451	\$ 3,188,435	\$ 7,217,020	\$ 11,042,673	\$ 13,560,612	\$ 236,595,964
5,695,209	3,008,191	6,700,032	12,015,048	9,113,406	246,174,673
6,515,083	2,815,832	7,101,566	18,936,042	12,028,020	263,574,366
8,998,905	3,245,227	7,881,271	21,238,172	22,486,769	284,739,391
9,181,475	3,949,500	8,489,135	18,722,159	17,038,890	295,885,778
7,399,707	4,147,772	10,211,981	19,775,297	13,470,521	302,366,098
6,851,819	4,331,335	10,441,337	18,443,762	16,592,383	313,961,508
8,139,288	4,601,521	7,827,183	9,950,483	12,925,040	300,344,298
8,453,523	4,175,241	5,053,383	9,841,535	15,340,542	324,684,383
7,933,219	4,061,404	5,395,775	10,414,054	18,053,333	347,959,425

<u>Culture and Recreation</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
\$ 20,620,601	\$ 56,365,121	\$ 48,540,879	\$ 259,077,986
21,535,199	58,782,974	78,466,561	294,480,352
22,821,354	74,909,826	71,485,686	311,264,045
23,796,658	71,406,993	73,175,976	313,043,584
23,723,105	65,056,260	94,253,708	333,358,139
24,386,160	62,857,860	78,919,861	326,480,002
25,098,424	68,993,318	115,791,635	377,259,190
27,270,944	108,846,914	123,827,952	434,423,539
25,986,538	70,888,409	171,333,093	439,709,392
27,883,116	80,085,838	146,567,881	433,077,613

CITY OF WICHITA, KANSAS

TAX LEVIES AND COLLECTIONS GENERAL AND DEBT SERVICE FUNDS

1995 to 2004 INCLUSIVE
(Includes Tangible Property Taxes Only)

Year ¹	Total Tax Levy	Current Tax Collections	Percentage Current Tax Collected	Prior Years Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Current Tax Levy
1995	\$ 47,839,850	\$ 44,721,966	93.48%	\$ 1,548,661	\$ 46,270,627	96.72%
1996	48,606,040	45,891,724	94.42	1,071,021	46,962,745	96.62
1997	50,127,520	48,453,454	96.66	1,059,780	49,513,234	98.77
1998	52,357,401	50,552,832	96.55	892,780	51,445,612	98.26
1999	54,978,750	52,894,709	96.21	1,118,586	54,013,295	98.24
2000	59,640,740	56,956,649	95.50	1,050,126	58,006,775	97.26
2001	65,180,140	61,319,251	94.08	1,138,608	62,457,859	95.82
2002	68,935,070	65,482,585	94.99	1,509,304	66,991,889	97.18
2003	72,658,900	68,607,004	94.42	1,579,345	70,186,349	96.60
2004	74,459,530	74,179,924	99.62	2,863,353	77,043,277	103.47

TAX LEVIES AND COLLECTIONS TAX INCREMENT FINANCE DISTRICTS

1995 to 2004 INCLUSIVE
(Includes Tangible Property Taxes Only)

Year ¹	Total Tax Levy	Current Tax Collections	Percentage Current Tax Collected	Prior Years Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Current Tax Levy
1995	\$ 463,000	\$ 348,300	75.23%	\$ 14,410	\$ 362,710	78.34%
1996	472,000	419,174	88.81	10,118	429,292	90.95
1997	925,770	883,832	95.47	16,777	900,609	97.28
1998	800,000	750,460	93.81	21,604	772,064	96.51
1999	1,895,880	1,376,153	72.59	21,726	1,397,879	73.73
2000	2,655,850	2,148,679	80.90	33,870	2,182,549	82.18
2001	4,422,170	3,823,155	86.45	52,416	3,875,571	87.64
2002	4,467,370	3,851,044	86.20	94,646	3,945,690	88.32
2003	4,137,950	4,280,190	103.44	140,673	4,420,863	106.84
2004	6,032,810	4,524,408	75.00	241,486	4,765,894	79.00

SPECIAL ASSESSMENT LEVIES AND COLLECTIONS 1995 to 2004 INCLUSIVE

Year ¹	Assessments Certified to County	Current Assessment Collections ²	Percentage Current Assessments Collected	Prior Years Assessments Collected	Total Assessment Collections	Ratio of Total Collections to Current Assessment
1995	\$ 25,351,548	\$ 24,017,851	94.74%	\$ 1,098,876	\$ 25,116,727	99.07%
1996	25,662,300	24,371,950	94.97	900,252	25,272,202	98.48
1997	25,263,304	24,094,281	95.37	900,990	24,995,271	98.94
1998	22,134,813	21,152,108	95.56	822,551	21,974,659	99.28
1999	21,625,243	20,758,882	95.99	989,461	21,748,343	100.57
2000	22,964,692	21,960,411	95.63	758,196	22,718,607	98.93
2001	24,537,934	23,275,284	94.85	751,457	24,026,741	97.92
2002	24,206,238	22,925,598	94.71	1,244,564	24,170,162	99.85
2003	23,787,996	22,607,207	95.04	1,083,634	23,690,841	99.59
2004	24,659,183	23,334,678	94.63	481,434	23,816,112	96.58

¹ The year shown is the year in which collections were received. The levy or assessment is certified to the county the previous year.

² Special assessments to proprietary funds and any advance payments not included.

CITY OF WICHITA, KANSAS

ASSESSED VALUE AND ESTIMATED TRUE VALUE OF ALL TAXABLE TANGIBLE PROPERTY 1995 TO 2004 INCLUSIVE

Year	Real Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995	\$ 1,208,721,313	\$ 7,923,388,216	\$ 218,194,371	\$ 877,170,530
1996	1,260,063,412	8,689,848,424	226,437,965	914,773,380
1997	1,322,922,200	9,116,262,709	233,093,559	943,477,660
1998	1,398,595,181	9,660,784,011	240,784,909	987,508,010
1999	1,521,203,304	10,572,931,388	258,933,472	1,067,548,300
2000	1,666,014,499	11,620,282,660	291,867,085	1,214,677,550
2001	1,787,594,359	12,475,184,748	273,783,041	1,153,727,190
2002	1,888,529,721	13,132,042,982	277,106,015	1,154,746,660
2003	2,064,518,376	14,310,944,391	276,057,054	1,147,883,620
2004	2,147,334,072	14,958,321,316	275,515,975	1,142,835,620

Year	Property Assessed by State		Totals	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995	\$ 118,913,895	\$ 360,345,136	\$ 1,545,829,579	\$ 9,160,903,882
1996	117,722,543	356,734,979	1,604,223,920	9,961,356,783
1997	120,750,610	365,910,939	1,676,766,369	10,425,651,308
1998	119,767,969	362,933,239	1,759,148,059	11,011,225,260
1999	118,859,506	360,180,322	1,898,996,282	12,000,660,010
2000	120,686,046	365,715,291	2,078,567,630	13,200,675,501
2001	128,885,519	390,562,179	2,190,262,919	14,019,474,117
2002	116,025,979	351,593,877	2,281,661,715	14,638,383,519
2003	118,371,640	358,701,939	2,458,947,070	15,817,529,950
2004	123,092,095	373,006,348	2,545,942,142 ¹	16,474,163,284

¹ The total assessed valuation for 2002 times the tax rate for 2003 produces revenue for 2004 operations
Source: Sedgwick County Clerk and Sedgwick County Appraiser.

TAX RATES (PER \$1,000 ASSESSED VALUATION) 1995 TO 2004 INCLUSIVE

Year ²	General	Debt and Interest	Total	State	Sedgwick County	Board of Education USD 259	Wichita State University	Totals
1995	21.394	10.049	31.443	1.500	26.660	53.609	1.500	114.712
1996	21.261	9.986	31.247	1.500	26.561	51.874	1.500	112.682
1997	21.232	9.993	31.225	1.500	28.717	44.383	1.479	107.304
1998	21.251	10.002	31.253	1.500	28.138	37.636	1.500	100.027
1999	21.355	10.051	31.406	1.500	27.199	37.526	1.500	99.131
2000	21.323	10.036	31.359	1.500	27.057	46.163	1.543	107.622
2001	21.437	10.037	31.474	1.500	27.154	54.926	1.500	116.554
2002	21.727	10.118	31.845	1.500	27.276	51.839	1.500	113.960
2003	21.886	10.019	31.905	1.500	27.317	51.408	1.500	113.630
2004	21.852	9.976	31.828	1.500	27.268	51.296	1.495	113.387

² Represents year taxes were levied to provide support for ensuing budget year.

CITY OF WICHITA, KANSAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES 1995 to 2004 INCLUSIVE

Fiscal Year	Principal	Interest	Total Debt Service ¹	Total General Government Expenditures ²	Ratio of Debt Service to General Government Expenditures
1995	\$ 38,048,794	\$ 12,713,137	\$ 50,761,931	\$ 259,077,986	19.59%
1996	40,824,242	12,562,333	53,386,575	294,480,352	18.13
1997	45,123,160	14,084,625	59,207,785	311,264,045	19.02
1998	30,964,711	12,624,084	43,588,795	313,043,584	13.92
1999	32,731,124	13,191,494	45,922,618	333,358,139	13.78
2000	35,299,048	14,103,933	49,402,981	326,480,002	15.13
2001	45,819,066	14,118,702	59,937,768	377,259,190	15.89
2002	37,999,607	13,925,542	51,925,149	434,423,539	11.95
2003	40,241,278	14,481,523	54,722,801	439,709,392	12.45
2004	38,570,487	16,473,317	55,043,804	433,077,613	12.71

¹ Excludes debt service related to Section 108 loan.

² Includes expenditures of all governmental fund types.

CITY OF WICHITA, KANSAS

SCHEDULE OF LEGAL DEBT Year ended December 31, 2004

Equalized assessed valuation of taxable tangible property	\$ 2,545,942,142
Estimated tangible valuation of motor vehicles	<u>435,709,661</u>
Equalized tangible valuation for computation of bonded indebtedness limitations	<u>\$ 2,981,651,803</u>
Debt limit (30.0% of equalized tangible valuation)	<u>\$ 894,495,541</u>
Total bonded indebtedness	806,975,785
Temporary notes (1)	<u>52,300,000</u>
Total debt	859,275,785
Less: Assets in Debt service fund available for payment for principal	\$ 20,507,080
Water Utility revenue bonds	124,032,342
Sewer Utility revenue bonds	118,470,754
Airport facilities revenue bonds	74,166,153
Public Building Commission revenue bonds	32,075,000
Other deductions allowed by law (2)	
Airport (3)	3,740,000
Sewer improvements (3)	54,423,482
Park improvements (4)	11,909,690
Local Sales Tax (5)	<u>122,180,000</u>
Total deductions	<u>561,504,501</u>
Legal debt applicable to debt limit	<u>297,771,284</u>
Legal debt margin	<u>\$ 596,724,257</u>

(1) G.O. series 211 dated 08/19/04, due 02/17/05	<u>\$ 52,300,000</u>
Total temporary notes	<u>\$ 52,300,000</u>
Amount reclassified as bond anticipation notes	\$ 23,160,000
Remaining temporary notes	<u>29,140,000</u>
Total temporary notes	<u>\$ 52,300,000</u>

(2) Kansas Statutes Annotated 79-5037

(3) Bonds and notes issued for any improvement to airport and sewer system including those payable from special assessments.

(4) Exempted from debt limitation as of July 1, 1975

(5) Kansas Statutes Annotated 12-195b

CITY OF WICHITA, KANSAS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA 1995 to 2004 INCLUSIVE

Fiscal Year	Population	Assessed Value	Gross Bonded Debt ¹	Debt Service Monies Available	Debt Payable From Local Sales Tax
1995	323,192	1,803,873,557	271,645,000	8,758,360	35,000,000
1996	324,991	1,932,627,650	298,825,000	6,449,650	55,000,000
1997	328,576	2,015,713,886	279,215,000	2,525,891	47,500,000
1998	333,680	2,079,605,936	293,130,366	10,598,695	40,000,000
1999	335,562	2,213,539,119	305,885,369	15,490,109	32,500,000
2000	344,284	2,384,870,895	314,685,359	25,036,511	25,000,000
2001	345,474	2,514,971,481	279,827,300	6,393,033	17,500,000
2002	346,664	2,624,261,870	327,648,632	20,079,218	56,000,000
2003	346,505	2,811,767,428	380,223,390	26,286,111	92,690,000
2004	354,980	2,981,651,803	458,231,536	20,507,080	122,180,000

¹ Includes all long-term general obligation debt.

Debt Payable From Transient Guest Tax	Debt Payable From Proprietary And Component Unit Revenues	Debt Payable From Special Assessments	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
7,700,000	26,421,566	131,972,087	61,792,987	3.43	191.20
7,040,000	37,599,496	131,445,100	61,290,754	3.17	188.59
8,650,000	31,522,790	132,085,952	56,930,367	2.82	173.26
17,407,988	25,267,501	140,993,973	58,862,209	2.83	176.40
17,509,400	19,098,427	149,115,000	72,172,433	3.26	215.08
16,203,204	25,062,472	158,375,000	65,008,172	2.73	188.82
14,397,547	21,278,480	149,255,000	71,003,240	2.82	205.52
12,519,875	18,689,488	148,540,000	71,820,051	2.74	207.17
10,552,208	18,822,156	160,865,000	71,007,915	2.53	204.93
10,110,180	15,845,844	206,720,000	82,868,432	2.78	233.45

CITY OF WICHITA, KANSAS

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT AS OF DECEMBER 31, 2002, 2003 AND 2004

	<u>December 31, 2002</u>	
	<u>Percentage of debt applicable to City</u>	<u>City of Wichita share of debt</u>
Direct Debt:		
General obligation bonded debt		
Payable from ad valorem taxes		\$ 71,979,724
Temporary note debt		<u>94,640,000</u>
Total direct debt		166,619,724
Less - assets in debt service fund		
available for payment of principal		<u>20,079,218</u>
Total net direct debt		<u>146,540,506</u>
Overlapping debt:		
Sedgwick County	75.05%	80,228,450
USD 259	66.86%	176,741,067
Wichita Public Building Commission	100.00%	<u>18,785,000</u>
Total overlapping debt		<u>275,754,517</u>
Total direct and overlapping debt		<u><u>\$ 422,295,023</u></u>

December 31, 2003		December 31, 2004	
Percentage of debt applicable to City	City of Wichita share of debt	Percentage of debt applicable to City	City of Wichita share of debt
	\$ 78,744,178		\$ 75,253,087
	<u>73,310,000</u>		<u>52,300,000</u>
	152,054,178		127,553,087
	<u>26,286,111</u>		<u>65,957,965</u>
	<u>125,768,067</u>		<u>61,595,122</u>
74.68%	84,664,716	74.61%	76,738,883
65.94%	166,633,677	65.41%	179,747,968
100.00%	<u>17,925,000</u>	100.00%	<u>16,550,000</u>
	<u>269,223,393</u>		<u>273,036,851</u>
	<u>\$ 394,991,460</u>		<u>\$ 334,631,973</u>

CITY OF WICHITA, KANSAS

SCHEDULE OF WATER UTILITY REVENUE BOND COVERAGE 1995 TO 2004 INCLUSIVE

Year	Gross Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Annual Debt Service Requirements ³	Coverage Ratio
1995	\$ 24,806,078	\$ 12,880,976	\$ 11,925,102	\$ 5,259,342	2.27%
1996	24,659,040	13,871,715	10,787,325	5,127,548	2.10
1997	25,418,775	13,532,744	11,886,031	6,519,080	1.82
1998	30,785,734	15,244,191	15,541,543	6,853,266	2.27
1999	27,341,518	15,425,735	11,915,783	7,254,413	1.64
2000	32,777,828	16,627,483	16,150,345	8,580,246	1.88
2001	39,639,003	17,479,825	22,159,178	9,067,078	2.44
2002	41,247,215	17,829,147	23,418,068	9,289,867	2.52
2003	40,431,959	17,911,055	22,520,904	10,892,117	2.07
2004	41,635,698	18,752,444	22,883,254	12,074,457	1.90

¹ Total revenues (including interest). Beginning in 2001, in accordance with GASB 33, amounts previously reported as contributed capital are now included in revenue, as capital contributions.

² Total operating expenses including payments required under the contract with Bureau of Reclamation and exclusive of depreciation.

³ Total debt service requirements excludes the unbonded payments required under the contract with Bureau of Reclamation.

SCHEDULE OF SEWER UTILITY REVENUE BOND COVERAGE 1995 TO 2004 INCLUSIVE

Year	Gross Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Annual Debt Service Requirements	Coverage Ratio
1995	\$ 21,888,912	\$ 12,055,854	\$ 9,833,058	\$ 3,974,760	2.47%
1996	22,390,856	12,671,220	9,719,636	3,958,638	2.46
1997	22,041,016	12,416,509	9,624,507	4,790,108	2.01
1998	23,776,072	12,744,377	11,031,695	5,890,201	1.87
1999	22,269,290	13,173,497	9,095,793	6,433,431	1.41
2000	25,015,390	13,494,073	11,521,317	6,778,935	1.70
2001	52,684,645	14,768,401	37,916,244	7,000,505	5.42
2002	30,205,785	15,938,358	14,267,427	6,506,508	2.19
2003	33,054,188	16,251,949	16,802,239	9,005,649	1.87
2004	35,454,569	16,486,958	18,967,611	10,404,191	1.82

¹ Total revenues (including interest). Beginning in 2001, in accordance with GASB 33, amounts previously reported as contributed capital are now included in revenue, as capital contributions.

² Total operating expenses exclusive of depreciation.

CITY OF WICHITA, KANSAS

PRINCIPAL TAXPAYERS

DECEMBER 31, 2004

Taxpayer	Type of Business	2004 Assessed Valuation	Percent of T Assessed Val \$2,981,651,8
City of Wichita:			
Southwestern Bell	Communication	\$ 46,483,343	1.56
Kansas Gas & Electric	Electric utility	43,470,596	1.46
Simon Property Group	Shopping mall	27,753,650	0.93
Wesley Medical Center	Health care services	23,519,104	0.79
Koch Industries Inc	Oil and gas	14,861,012	0.50
Kansas Gas Service	Gas utility	14,612,815	0.49
Boeing Military Airplane	Aircraft manufacturing	8,344,216	0.28
AT & T	Communication	6,386,598	0.21
Builders Inc	Real Estate	5,489,495	0.18
Learjet Inc	Aircraft manufacturing	5,147,429	0.17
		<u>\$ 196,068,258</u>	<u>6.57</u>

		2004 Assessed Valuation	Percent of T Assessed Val \$3,412,388,4
Sedgwick County:			
Kansas Gas & Electric	Electric utility	\$ 75,697,566	2.22
Boeing Military Airplane	Aircraft manufacturing	59,592,571	1.75
Southwestern Bell	Communication	52,491,895	1.54
Wesley Medical Center	Health care services	38,847,176	1.14
Simon Property Group	Shopping mall	30,464,043	0.89
Cessna Aircraft	Aircraft manufacturing	22,995,266	0.67
Raytheon Aircraft Company	Aircraft manufacturing	19,408,139	0.57
Kansas Gas Service	Gas Utility	16,461,933	0.48
Vulcan Materials Co	Chemical manufacturing	13,441,677	0.39
Western Resources Electric	Electric utility	12,180,729	0.36
		<u>\$ 341,580,995</u>	<u>10.01</u>

CITY OF WICHITA, KANSAS

DEMOGRAPHIC STATISTICS 1995 TO 2004 INCLUSIVE

Fiscal Year	Population ¹	Per Capita Income ²	Median Age ³	School Enrollment ⁴	Percent Unemployment ⁵
1995	323,192	23,208	32.8	46,579	4.7%
1996	324,991	24,554	32.9	47,423	4.3
1997	328,576	25,724	33.0	47,875	3.4
1998	333,680	27,273	33.1	48,454	3.3
1999	335,562	27,156	33.3	48,547	3.3
2000	344,284	28,165	33.4	49,100	4.2
2001	345,474	28,954	33.6	49,147	4.1
2002	346,664	29,417	33.7	48,962	6.3
2003	346,505	30,411	33.9	49,065	7.1
2004	354,980	31,836	34.0	48,818	5.7

¹1995-2003, Bureau of the Census;
2004 Center for Economic Development, Wichita State University (Estimated)

²1995-2002 Bureau of Economic Analysis;
2003-2004 Center for Economic Development, Wichita State University (Estimated)

³1995-1999, 2001 Center for Economic Development, Wichita State University (Estimated);
2000, Bureau of the Census
2002-2004, Claritas (Estimated)

⁴Wichita School District, USD 259

⁵Kansas Department of Human Resources, Wichita MSA

BANK DEPOSITS AND CONSTRUCTION ACTIVITY 1995 TO 2004 INCLUSIVE

Year	Sedgwick Urban Residential Real Estate Valuation ¹	City of Wichita Building Permits ²		Sedgwick Cty Commercial Bank Deposits ³
		Number	Valuation	
1994	\$ 7,633,075,504	5,929	\$ 252,986,262	\$ 3,577,648,000
1995	7,864,025,661	5,744	292,963,801	3,609,795,000
1996	8,292,245,817	6,600	363,253,891	3,807,705,000
1997	8,809,701,983	6,566	385,392,078	3,966,725,000
1998	9,699,726,226	8,333	304,871,674	4,156,833,000
1999	10,683,463,157	7,349	324,796,525	3,491,000,000
2000	11,511,701,522	8,040	405,610,935	3,977,000,000
2001	12,083,753,826	8,441	415,663,000	4,317,000,000
2002	13,135,061,087	7,366	485,037,000	4,547,000,000
2003	NA	7,495	542,872,000	4,695,000,000

¹State of Kansas, Department of Revenue, Division of Property Valuation for Sedgwick County.

²City of Wichita, Office of Central Inspection

³Center for Economic Development and Business Research, Wichita State University. Commercial bank deposits in Sedgwick County as of June 30, 2003 as reported by the Federal Deposit Insurance Corporation.

—— SINGLE AUDIT SECTION ——

The Single Audit Section contains Independent Auditors' Reports, schedules, and exhibits reflecting Federal, State and local matching participation in various projects and programs of the City.

Epic Center • 301 N. Main, Suite 1700
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Honorable Mayor and City Council Members
City of Wichita, Kansas**

We have audited the financial statements of the City of Wichita, Kansas, as of and for the year ended December 31, 2004, and have issued our report thereon dated March 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Wichita's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wichita's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

March 25, 2005
Wichita, Kansas

Epic Center • 301 N. Main, Suite 1700
Wichita, Kansas 67202-4868
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**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM,
THE PASSENGER FACILITY CHARGE PROGRAM, AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
THE PASSENGER FACILITY CHARGE AUDIT GUIDE**

Honorable Mayor and City Council Members
City of Wichita, Kansas

Compliance

We have audited the compliance of the City of Wichita, Kansas, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) for the year ended December 31, 2004. The City of Wichita's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and to its passenger facility charge program is the responsibility of the City of Wichita's management. Our responsibility is to express an opinion on the City of Wichita's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the Guide. Those standards, OMB *Circular A-133*, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City of Wichita's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wichita's compliance with those requirements.

In our opinion, the City of Wichita complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and to its passenger facility charge program for the year ended December 31, 2004.

Internal Control over Compliance

The management of the City of Wichita is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered the City of Wichita's internal control over compliance with requirements that could have a direct and material effect on a major federal program or the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133* and the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program or the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

March 25, 2005
Wichita, Kansas

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CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2004

Federal Grantor/ Program Title	Federal CFDA Number	Revenue Recognized	Expenditures
<u>U.S. Department of Commerce</u>			
Public Works and Development Facilities (7)	11.300	\$ 3,500,000	\$ 3,500,000
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grants/ Entitlement Grants	14.218	\$ 4,242,906	\$ 4,544,036
Special Purpose Grant	14.225	6,824	68,506
Emergency Shelter Grants Program	14.231	213,110	215,201
Shelter Plus Care	14.238	562,709	562,709
HOME Investment Partnerships Program	14.239	2,675,067	2,940,398
Community Development Block Grants/ Economic Development Initiative	14.246	154,390	152,842
Community Development Block Grants/ Section 108 Loan Guarantees	14.248	2,999,070	448,617
Public and Indian Housing	14.850	1,567,034	1,567,034
Resident Opportunity and Supportive Services	14.870	62,476	62,476
Section 8 Housing Choice Vouchers	14.871	12,845,836	12,969,856
Public Housing Capital Fund	14.872	905,974	905,974
Total U.S. Department of Housing and Urban Development		\$ 26,235,396	\$ 24,437,649
<u>U. S. Department of the Interior</u>			
Historic Preservation Fund Grants-In-Aid (5)	15.904	56,584	36,565
Outdoor Recreation - Acquisition, Development and Planning	15.916	120,706	7,986
Total U.S. Department of the Interior		\$ 177,290	\$ 44,551
<u>U.S. Department of Justice</u>			
Crime Victim Assistance	16.575	\$ 134,786	\$ 123,716
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	21,272	22,734
Local Law Enforcement Block Grants Program	16.592	76,644	176,395
Bulletproof Vest Partnership Program	16.607	3,698	1,510
Public Safety Partnership and Community Policing Grants	16.710	323,240	226,678
Total U.S. Department of Justice		\$ 559,640	\$ 551,033
<u>U.S. Department of Labor</u>			
WIA Adult Programs (3)	17.258	(8,636)	(2,543)
WIA Youth Programs (3)	17.259	(37,932)	4,091
Welfare-to-Work Grants to States and Localities (3)	17.253	93,383	93,383
Total U.S. Department of Labor		\$ 46,815	\$ 94,931
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	\$ 8,526,498	\$ 8,892,837
Highway Planning and Construction (4)	20.205	22,184,307	18,128,303
Federal Transit - Formula Grants	20.507	3,037,395	2,928,381
Total U.S. Department of Transportation		\$ 33,748,200	\$ 29,949,521

CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2004

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>Institute of Museum and Library Services</u>			
State Library Program	45.310	\$ 80,085	\$ 83,552
<u>U.S. Environmental Protection Agency</u>			
Air Pollution Control Program Support (1)	66.001	\$ 134,601	\$ 140,655
Water Pollution Control Program Support (1)	66.419	294,189	289,615
Capitalization Grants for Drinking Water (1)	66.468	44,398	143,041
Environmental Protection Consolidated Grant	66.600	-	8,561
Total U.S. Environmental Protection Agency		\$ 473,188	\$ 581,872
<u>Federal Emergency Management Agency</u>			
Public Assistance Grants (6)	83.544	\$ 458,956	\$ 458,393
<u>Department of Education</u>			
Twenty-First Century Community Learning	84.287	\$ 56,881	\$ 50,493
<u>U.S. Department of Health and Human Services</u>			
Community Services Block Grant (2)	93.569	1,012,037	1,049,481
Child Care Facility License (1)	93.596	\$ 285,765	\$ 293,296
Total U.S. Department of Health and Human Services		\$ 1,297,802	\$ 1,342,777
Total revenue and expenditures of federal awards		\$ 66,634,253	\$ 61,094,772

Pass-through Agency

- (1) Federal assistance is passed through from the Kansas Department of Health and Environment
- (2) Federal assistance is passed through from the Kansas Department of Commerce and Housing
- (3) Federal assistance is passed through from the Kansas Department of Human Resources
- (4) Federal assistance is passed through from the Kansas Department of Transportation
- (5) Federal assistance is passed through from the Kansas Department of Administration
- (6) Federal assistance is passed through from the Kansas Adjutant General

Other

- (7) Administered by Sedgwick County

CITY OF WICHITA, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2004

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wichita and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City of Wichita provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 4,382,367
Home Investment Partnerships Program	14.239	\$ 3,212,283

CITY OF WICHITA, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2004

**3. COMMUNITY SERVICES BLOCK GRANT PASSED THROUGH THE KANSAS
DEPARTMENT OF COMMERCE AND HOUSING**

Grant Program Year Ended June 30, 2004					
	Budget	Actual			Variance
		July 1, 2003 Through December 31, 2003	January 1, 2004 Through June 30, 2004	Total	
Grant revenue	\$1,014,637	\$422,800	\$591,837	\$1,014,637	\$ -
Personnel	\$257,048	\$111,754	\$145,294	\$257,048	\$0
Contractual	678,025	163,605	492,862	656,467	21,558
Commodities	74,915	4,515	69,925	74,440	475
Capital outlay	4,649	-	4,649	4,649	-
Total expenditures	\$1,014,637	\$279,874	\$712,730	\$992,604	\$22,033

Grant Program Year Ending June 30, 2005		
Budget		Actual
		July 1, 2004 Through December 31, 2004
Grant revenue	\$1,008,571	\$420,200
Personnel	\$314,466	\$119,440
Contractual	634,339	203,015
Commodities	39,766	14,296
Capital outlay	20,000	-
Total expenditures	\$1,008,571	\$336,751

**4. EMERGENCY COMMUNITY SERVICES FOR THE HOMELESS GRANT PASSED
THROUGH THE KANSAS DEPARTMENT OF COMMERCE AND HOUSING**

Grant Program Year Ended June 30, 2004					
	Budget	Actual			Variance
		July 1, 2003 Through December 31, 2003	January 1, 2004 Through June 30, 2004	Total	
Grant revenue	\$60,039	\$12,076	\$47,963	\$60,039	\$0
Personnel	\$16,367	\$4,266	\$12,101	\$16,367	\$ -
Contractual	34,070	7,344	26,726	34,070	-
Commodities	9,602	486	9,099	9,585	17
Total expenditures	\$60,039	\$12,096	\$47,926	\$60,022	\$17

Grant Program Year Ending June 30, 2005		
Budget		Actual
		July 1, 2004 Through December 31, 2004
Grant revenue	\$60,553	\$21,194
Personnel	\$16,073	\$8,265
Contractual	\$33,562	7,611
Commodities	10,918	5,335
Total expenditures	\$60,553	\$21,211

CITY OF WICHITA, KANSAS

Wichita Airport Authority
SCHEDULE OF PASSENGER FACILITY CHARGES

Year ended December 31, 2004

<u>Federal Agency/ Pass Through Agency Name</u>	<u>Application Approved Number</u>	<u>Beginning Balance Unliquidated PFC</u>	<u>PFC Collected</u>	<u>Expenditures (or expenses)</u>	<u>Ending Balance Unliquidated PFC</u>
<u>Passenger Facility Charges</u>					
PFC Projects	96-02-C-00	\$ 1,249,191	\$ -	\$ -	\$ 1,249,191
PFC Projects	98-03-C-00	4,542,230	-	324,565	4,217,665
PFC Projects	03-04-C-00	16,446	2,071,956	852,918	1,235,484
		<u>\$ 5,807,867</u>	<u>\$ 2,071,956</u>	<u>\$ 1,177,483</u>	<u>\$ 6,702,340</u>

CITY OF WICHITA, KANSAS

SCHEDULE OF PASSENGER FACILITY CHARGES

Year ended December 31, 2004

Note 1. Basis of Presentation

The accompanying Schedule of Passenger Facility Charges is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2004

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes X no
- Reportable conditions identified that are not considered to be material weaknesses? yes X none reported
- Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? yes X no
- Reportable conditions identified that are not considered to be material weaknesses? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes X no

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2004
(Continued)

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS (Continued)

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
11.300	<i>Public Works and Development Facilities</i>
14.850	<i>Public and Indian Housing</i>
14.871	<i>Section 8 Housing Choice Vouchers</i>

Dollar threshold used to distinguish
between type A and type B programs: \$ 1,832,843

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported.

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WATER AND SEWER SECTION

The Water and Sewer Section contains schedules and exhibits that fulfill the requirements of the Water and Sewer bond covenants.



Water & Sewer
Director's Office
City Hall – Eighth Floor
455 North Main
Wichita, Kansas 67202

April 23, 2005

To our Water and Sewer Bondholders:

On behalf of the City of Wichita and its Water and Sewer Utility, I am pleased to present our 2004 Annual Report.

Wichita continues to uphold its tradition of excellence. Our mission as the premier water and sewer utility in the region is to provide quality, reliable, customer convenient water and sewer service that represents extraordinary value. That mission is achieved by ensuring effectiveness, efficiency, fiscal responsibility, accountability, responsiveness, customer friendliness, and accessibility, while increasing productivity.

The Wichita Water and Sewer Department treats and distributes potable water, and collects and processes wastewater, for about 500,000 people in south central Kansas. Services include maintaining about 3,800 miles of sewer and water mains, with related facilities, and working with developers to provide infrastructure for continued growth.

2004 was a watershed year for the Water and Sewer Utility. The Cowskin Creek Water Quality Reclamation Facility, brought on-line in 2003, won more awards this past year. Rehabilitation projects at Sewage Treatment Plant 1 included additional odor control, solids pumping improvements, and electrical upgrades. Site studies were conducted for two additional sewage treatment plants.

The utility significantly improved customer access to billing information with the installation of software that enables web access to customer accounts, credit card payment, payment by telephone, automated telephone access to customer information, and an integrated call center. As a result, the amount of time customers wait to speak with a customer account representative decreased dramatically, as did the telephone abandonment rate. The utility also initiated a program to systematically install automated meter reading devices for about 20 percent of our

customers. The automated meter reading devices enable staff to read in 2 hours what formerly required approximately 50 hours.

After several 2003 events that resulted in undesirable taste and odor in the treated water, the Utility began feeding powdered activated carbon (PAC) to the raw water from Cheney Reservoir while proceeding with a design/build project for ozonation. The ozonation plant is targeted for completion in the late spring of 2005. Since the Utility began using PAC, no additional episodes of taste or odor problems have resulted. The City also built an elevated storage tank to improve water pressure for new development, including service to several northeast medical facilities and completed replacement of all motors at Hess Pump Station.

The Department is continuing its efforts on an integrated water supply plan to meet the needs of our customers through 2050.

I want to express my gratitude to our employees for making our operation successful. Without your continuous efforts the utility would be unable to provide our customers with quality, reliable water and sewer service.

A handwritten signature in black ink, appearing to read "David R. Warren". The signature is fluid and cursive, with a long horizontal stroke at the end.

David R. Warren, Director
Water and Sewer Department
The City of Wichita, Kansas

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITY STATISTICS BY CUSTOMER CLASS

For year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

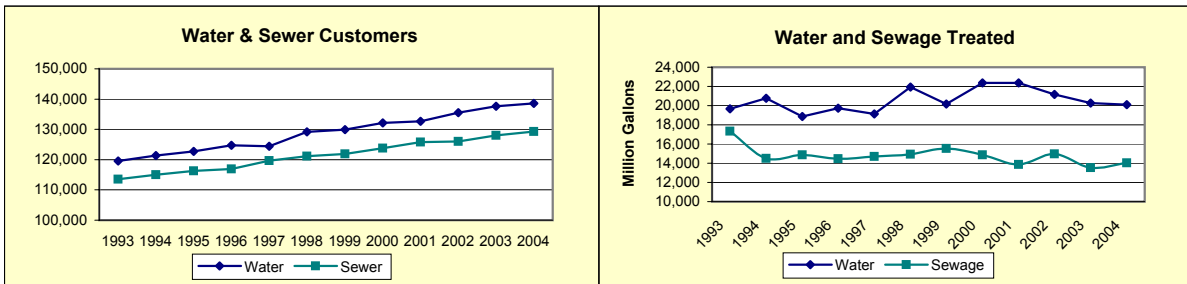
UNAUDITED

WATER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Water Revenues		Water Consumed (Million Gallons)	
	2004	2003	2004	2003	2004	2003
Residential	121,529	119,747	\$ 20,633,247	\$ 20,170,559	9,355	10,109
Commercial / Industrial	12,687	12,446	10,583,041	10,007,306	7,362	6,987
Institutional	-	876	-	-	-	938
Wholesale	12	11	1,316,910	771,112	1,373	732
Lawn Services	2,912	2,855	-	-	-	-
Fire Protection	1,103	1,281	116,749	97,106	-	-
Contract	361	376	584,576	734,139	318	399
Other Sales	-	-	220,550	197,755	83	40
Estimated Leaks	-	-	-	-	28	9
Water Utility Uses	22	-	-	-	264	200
Unaccounted for Water	-	-	-	-	1,327	856
	<u>138,626</u>	<u>137,592</u>	<u>\$ 33,455,073</u>	<u>\$ 31,977,977</u>	<u>20,110</u>	<u>20,270</u>

SEWER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Sewer Revenues	
	2004	2003	2004	2003
Residential	117,548	116,309	\$ 13,958,288	\$ 14,072,768
Commercial	10,868	10,851	6,941,262	7,093,215
Industrial	22	22	3,093,437	2,982,715
Institutional	801	807	569,310	614,128
Wholesale	1	1	76,720	-
Other	-	-	37,658	37,806
Extra Strength	26	26	1,203,819	913,391
	<u>129,266</u>	<u>128,016</u>	<u>\$ 25,880,494</u>	<u>\$ 25,714,023</u>



REPORT IN BRIEF

	2004	2003	CHANGE
Number of Water Customers	138,626	137,592	0.75%
Number of Sewer Customers	129,266	128,016	0.98%
Miles of Water Line	2,006	1,903	5.41%
Miles of Sanitary Sewer Line	1,919	1,816	5.67%
Water Produced (Million Gallons)	20,110	20,270	-0.79%
Wastewater Treated (Million Gallons)	14,033	13,534	3.69%
Cost of Treated, Pressurized Water per 1000 gal.	\$0.36	\$0.33	9.09%
Cost of Treated Wastewater per 1000 gal.	\$0.58	\$0.57	1.75%

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES

NET REVENUES AVAILABLE FOR DEBT SERVICE AND CAPITAL EXPENDITURES MADE FROM OPERATING REVENUES

For the year ended December 31, 2004

(Unaudited)

	Water	Sewer	Combined
REVENUES			
Charges for services	\$ 33,455,073	\$ 25,880,494	\$ 59,335,567
Investment earnings	387,931	246,156	634,087
Capital contributions	7,765,899	9,157,697	16,923,596
Bond discount amortization	-	48,180	48,180
Transfers from other funds	-	99,058	99,058
Other	26,795	22,984	49,779
Gross earnings	<u>41,635,698</u>	<u>35,454,569</u>	<u>77,090,267</u>
OPERATIONS AND MAINTENANCE			
Personal services	7,539,116	8,587,551	16,126,667
Contractual services	5,214,503	4,118,502	9,333,005
Materials and supplies	2,890,235	2,070,705	4,960,940
Administrative charges	851,130	205,060	1,056,190
Contributions to the city	1,972,560	1,505,140	3,477,700
Payment for cheney reservoir	284,900	-	284,900
Total operations and maintenance	<u>18,752,444</u>	<u>16,486,958</u>	<u>35,239,402</u>
Net revenues available for debt service	<u>\$ 22,883,254</u>	<u>\$ 18,967,611</u>	<u>\$ 41,850,865</u>
REVENUE BONDS DEBT SERVICE	\$ 12,074,457	\$ 10,404,191	\$ 22,478,648
DEBT SERVICE COVERAGE RATIO	1.90	1.82	1.86
Gross earnings	\$ 41,635,698	\$ 35,454,569	\$ 77,090,267
Less: investment earnings	387,931	246,156	634,087
Less: capital contributions	7,765,899	9,157,697	16,923,596
Less: bond discount amortization	-	48,180	48,180
Less: transfers from other funds	-	99,058	99,058
Operating revenues	<u>\$ 33,481,868</u>	<u>\$ 25,903,478</u>	<u>\$ 59,385,346</u>
CAPITAL EXPENDITURES FROM OPERATING REVENUES	\$ 2,659,705	\$ 537,530	\$ 3,197,235

PROPERTY INSURANCE

Insurance Company	2004 Premium	Period covered	Detail of Coverage
Allianz	\$161,940	1-04 to 1-05	* All risk coverage on real and personal property. \$100,000 deductible per occurrence.
Allianz	(included in property)	1-04 to 1-05	*Comprehensive coverage for steam boilers, air conditioning and electric motors. \$10,000 deductible per occurrence.

*Property insurance for the Utility is included in the City's coverage. Limits shown are for the entire City. Premiums shown are the amounts paid by the Wichita Water & Sewer Department.

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES COMBINED BALANCE SHEET

December 31, 2004

(with comparative totals for December 31, 2003)

	2004	2003
ASSETS		
Current assets:		
Cash and temporary investments	\$ 7,011,170	\$ 6,525,281
Receivables, net	6,702,654	6,935,179
Inventories	1,127,246	1,223,624
Prepaid items	1,054	1,508
Restricted assets:		
Cash and temporary investments	13,879,842	13,496,847
Total current assets	<u>28,721,966</u>	<u>28,182,439</u>
Noncurrent assets:		
Restricted assets:		
Cash and temporary investments	40,851,529	65,915,030
Capital assets:		
Land	11,732,843	10,914,570
Buildings	147,703,726	131,310,005
Improvements other than buildings	567,679,343	522,423,559
Machinery, equipment and other assets	57,806,870	50,821,014
Construction in progress	77,021,154	102,484,321
Less accumulated depreciation	(190,152,487)	(175,478,443)
Total capital assets (net of accumulated depreciation)	<u>671,791,449</u>	<u>642,475,026</u>
Other assets	3,574,271	3,799,199
Total noncurrent assets	<u>716,217,249</u>	<u>712,189,255</u>
Total assets	<u><u>\$ 744,939,215</u></u>	<u><u>\$ 740,371,694</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,300,540	\$ 1,581,871
Accrued interest payable	226,019	250,158
Deposits	1,885,881	1,776,900
Current portion of long-term obligations:		
Contracts payable	277,803	270,507
Compensated absences	664,866	652,042
Current liabilities payable from restricted assets:		
Accrued interest payable	2,943,320	3,086,945
Revenue bonds payable	10,936,522	10,409,902
Total current liabilities	<u>18,234,951</u>	<u>18,028,325</u>
Noncurrent liabilities:		
Revenue bonds	231,566,573	242,503,095
Unamortized deferred refunding	(805,511)	(914,291)
Unamortized revenue bond premium	5,254,065	5,514,633
Contracts payable	-	277,803
Compensated absences	103,224	90,308
Total noncurrent liabilities	<u>236,118,351</u>	<u>247,471,548</u>
Total liabilities	<u>254,353,302</u>	<u>265,499,873</u>
NET ASSETS		
Invested in capital assets, net of related debt	432,948,727	392,668,990
Restricted for:		
Debt service	2,840,144	2,978,169
Revenue bond reserves	40,612,961	65,389,333
Unrestricted	14,184,081	13,835,329
Total net assets	<u>490,585,913</u>	<u>474,871,821</u>
Total liabilities and net assets	<u><u>\$ 744,939,215</u></u>	<u><u>\$ 740,371,694</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2004

(with comparative totals for the year ended December 31, 2003)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 59,633,044	\$ 57,867,457
Cash payments to suppliers for goods and services	(15,798,030)	(15,382,319)
Cash payments to employees for services	(16,130,927)	(15,518,769)
Payment in lieu of franchise fees	(3,477,700)	(3,515,500)
Other operating revenues	43,968	42,045
Net cash provided by (used in) operating activities	<u>24,270,355</u>	<u>23,492,914</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grant received	-	-
Transfers to other funds	(2,480,153)	(1,502,698)
Interfund loan	-	-
Net cash provided by (used in) noncapital financing activities	<u>(2,480,153)</u>	<u>(1,502,698)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of temporary notes	-	(50,000,000)
Proceeds from capital debt	-	120,365,000
Premiums from the sale of bonds	-	5,467,418
Accrued interest from the sale of bonds	-	309,310
Bond issuance costs paid	-	(2,259,730)
Payment of interfund loan	-	-
Additions to property, plant and equipment	(30,693,983)	(40,472,175)
Debt service - principal	(10,680,409)	(9,222,396)
Debt service-refunding	-	-
Debt service - interest	(12,083,140)	(10,960,270)
Proceeds from sale of assets	87,463	(1,317,644)
Capital contributions	6,751,163	6,223,054
Net cash provided by (used in) capital and related financing activities	<u>(46,618,906)</u>	<u>18,132,567</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	634,087	910,891
Net cash provided by investing activities	<u>634,087</u>	<u>910,891</u>
Net increase (decrease) in cash and temporary investments	(24,194,617)	41,033,674
Cash and temporary investments - January 1	85,937,158	44,903,484
Cash and temporary investments - December 31	<u>\$ 61,742,541</u>	<u>\$ 85,937,158</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 9,531,129	\$ 10,265,870
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	14,869,715	13,592,411
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	232,525	112,638
(Increase) decrease in inventory	96,378	(180,758)
(Increase) decrease in prepaid items	454	(1,508)
(Decrease) in accounts payable/accrued expenses	(544,727)	(374,039)
(Decrease) increase in deposits	59,141	60,479
Increase in compensated absences	25,740	17,821
Total adjustments	<u>14,739,226</u>	<u>13,227,044</u>
Net cash provided by (used in) operating activities	<u>\$ 24,270,355</u>	<u>\$ 23,492,914</u>
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Assets contributed by benefit districts	\$ 9,903,254	\$ 8,438,129
Contribution of capital assets	269,179	126,348
Transfer of assets between proprietary funds	-	127,556

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITIES COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the year ended December 31, 2004
(with comparative totals for the year ended December 31, 2003)

	2004	2003
OPERATING REVENUES		
Charges for services and sales	\$ 59,335,567	\$ 57,692,000
Rentals	5,811	2,340
Other	43,968	42,045
Total operating revenues	<u>59,385,346</u>	<u>57,736,385</u>
OPERATING EXPENSES		
Personal services	16,156,667	15,536,590
Contractual services	9,333,005	9,287,221
Materials and supplies	4,960,940	4,563,493
Administrative charges	1,056,190	975,300
Payments in lieu of franchise fees	3,477,700	3,515,500
Depreciation	14,869,715	13,592,411
Total operating expenses	<u>49,854,217</u>	<u>47,470,515</u>
Operating income (loss)	<u>9,531,129</u>	<u>10,265,870</u>
NONOPERATING REVENUES (EXPENSES)		
Operating grants	-	-
Interest on investments	634,087	910,891
Other revenues (expenses)	(263,396)	(182,364)
Interest expense	(8,466,659)	(6,771,891)
Gain (Loss) from sale of assets	(200,152)	(1,317,644)
Bond discount amortization	35,640	24,948
Total nonoperating revenues (expenses)	<u>(8,260,480)</u>	<u>(7,336,060)</u>
Income (loss) before contributions and transfers	1,270,649	2,929,810
CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS		
Capital contributions	16,923,596	14,787,531
Transfers from other funds	99,058	195,652
Transfers to other funds	<u>(2,579,211)</u>	<u>(1,570,794)</u>
Change in net assets	15,714,092	16,342,199
Net assets - beginning, as previously reported	474,871,821	463,675,041
Prior period adjustment	-	(5,145,419)
Net assets - beginning, as restated	474,871,821	458,529,622
Total net assets - ending	<u>\$ 490,585,913</u>	<u>\$ 474,871,821</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying combined financial statements represent the proprietary Water and Sewer Utility Funds of the municipal government. The Water Utility Fund accounts for the operation and maintenance of the water supply component of the combined utility. The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and the sewer mains and laterals.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The Water and Sewer Utility Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All users, including other City Departments, are charged for services. Uncollected sales, billed or unbilled, are recorded in the financial statements net of amounts estimated to be uncollectible as of December 31, 2004.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services and the portion of tap fees intended for recovery of connecting new customers to the system. Operating expenses of the utilities include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses. Consistent with Governmental Accounting Standards Board Statement Number 33, capital contributions resulting from nonexchange transactions are included in nonoperating revenues.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies (continued)

C. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, repurchase agreements, and U.S. government securities, carried at amortized cost, which approximates fair value. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

Cash and cash equivalents, as reported in the Statement of Cash Flows, is defined as all cash and temporary investments, both restricted and unrestricted. Temporary investments generally have an original maturity of 90 days or less.

D. Inventories

Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method except for the Water Utility, which is valued using an average unit cost method.

E. Capital Assets

Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Depreciation of all exhaustible capital assets, including the depreciation of capital leased assets, is charged as an expense against the utility operations. Accumulated depreciation is reported on the proprietary funds' balance sheet. Capital assets of the utilities are depreciated using the straight line method over the following estimated useful lives:

Assets Classification	Year
Buildings and improvements	1-42
Improvements other than buildings	1-50
Equipment	1-33
Vehicles	1-20
Water/Sewer mains and drainage	75-85

F. Capitalized Interest

Interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. During 2003 and 2004, total interest costs of the combined Water and Sewer Utility Fund were \$11,811,894 and \$12,128,149 of which \$5,040,003 and \$3,661,490, respectively, was capitalized.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. Summary of Significant Accounting Policies (continued)

G. Payments in Lieu of Franchise Fees

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City, in lieu of franchise fees, an amount not to exceed five percent of gross revenues for the preceding year, which is included in the annual budget. The combined utility paid to the General Fund of the City \$3,515,500 in 2003 and paid to the General Fund of the City in 2004 a total of \$3,477,700. The payment in lieu of franchise fees is an operating expense passed through to the Utilities' customers.

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the financial statements.

All permanent full-time and permanent part-time employees of the reporting entity within six months of continuous employment are eligible for vacation benefits in varying amounts. City policy provides that exempt employees may accumulate and carry forward each year, not more than 30 days of vacation leave. Non-exempt employees may accumulate and carry forward each year, not more than 240 hours of vacation leave.

Sick leave benefits accrue to full time employees at varying rates, depending on the employees length of service to the City. A limitation has not been placed on the amount of unused sick leave that may accumulate. Upon retirement, employees may apply unused sick leave benefits to increase the employee's retirement benefit.

I. Bond Issuance Costs

Bond issuance costs are being amortized using the straight-line method of amortization over the life of the bonds.

J. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

2. Cash and Investments

A. Cash

At December 31, 2004 and 2003, the combined Utility's cash and temporary investments in the amount of \$61,742,541 and \$85,937,158 respectively are included in the City's pooled cash and temporary investments fund of \$318,778,285 and \$289,803,805 respectively.

Generally accepted accounting principles require the reporting entity to categorize their cash deposits at year-end according to three credit risk categories. Category 1 includes cash deposits that are insured under a federal depository insurance fund or are collateralized with securities held by the City or the City's agent in the City's name. Category 2 includes cash deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes cash deposits that are uncollateralized or collateralized with securities which are held by the pledging financial institution or its trust department or agent but not in the City's name.

As of December 31, 2004, the reporting entity's cash deposits were categorized as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Bank Deposits	\$37,512,967	\$ -	\$ -	\$ 37,512,967
Reconciling Items				(7,730,793)
Book Balance				<u>\$ 29,782,174</u>

Reconciling items primarily include outstanding checks and deposits that were in transit at year-end.

B. Investments

The City's investments are categorized to give an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker, dealer, or financial institution, or financial institution's trust department or safekeeping department, or agent but not in the City's name. Additional information on the investments including the year-end investment totals for the primary government are reported in the Notes to the Financial Statement for the City of Wichita, located in the Financial Section of this publication.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

3. Capital Assets

Capital asset activity of the of the Water and Sewer Utilities for the year ended December 31, 2003 was as follows (expressed in thousands of dollars):

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets, not being depreciated:				
Land	\$ 10,915	\$ 878	\$ (60)	\$ 11,733
Construction in progress	102,484	33,090	(58,553)	77,021
Total capital assets, not being depreciated	<u>113,399</u>	<u>33,968</u>	<u>(58,613)</u>	<u>88,754</u>
Capital assets, being depreciated:				
Buildings	131,310	20,820	(4,426)	147,704
Improvements other than buildings	522,423	45,507	(251)	567,679
Machinery, equipment and other assets	50,821	7,287	(301)	57,807
Total capital assets being depreciated	<u>704,554</u>	<u>73,614</u>	<u>(4,978)</u>	<u>773,190</u>
Less accumulated depreciation for:				
Buildings	(47,738)	(2,892)	-	(50,630)
Improvements other than buildings	(103,395)	(7,852)	12	(111,235)
Machinery, equipment and other assets	(24,345)	(4,126)	184	(28,287)
Total accumulated depreciation	<u>(175,478)</u>	<u>(14,870)</u>	<u>196</u>	<u>(190,152)</u>
Total capital assets, net	<u>\$ 642,475</u>	<u>\$ 92,712</u>	<u>\$ (63,395)</u>	<u>\$ 671,792</u>

4. Retirement Funds

The reporting entity contributes to a defined single-employer retirement benefit plan, the Wichita Employees' Retirement System (WERS) and a single-employer defined contribution plan, the Wichita Employees' Retirement System Plan 3. Both plans are governed by the Wichita Employees' Retirement System Board of Trustees. All full-time employees of the Utilities participate in one of the retirement plans. The payroll for the Utilities' employees covered by the systems for the years ended December 31, 2004 and December 31, 2003 was \$13,666,948 and \$12,839,146 respectively, which was also the total payroll for the utilities.

Additional information on the retirement systems is reported in the Notes to the Financial Statements for the City of Wichita, located in the Financial Section of this publication. The Wichita Retirement System also issues a publicly available financial report that includes financial statements and required supplementary information for WERS and Wichita Police and Fire Retirement System. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

4. Retirement Funds (continued)

The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The Utility is required to contribute at an actuarially determined rate; the rate for 2003 was 4.7 percent of annual covered payroll for both Plans 1 and 2.

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2004, the Utility's annual pension cost of \$561,678 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2002 actuarial valuation using the individual entry age actuarial cost method. The actuarial accrued liability, as determined by the individual entry age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the second year this smoothing method has been used.

The actuarial value of the entire WERS assets as of December 31, 2004 and December 31, 2003 were respectively \$462,994,000 and \$446,794,000 while the actuarially determined accrued liability was \$413,159,000 and \$387,037,000 respectively. Assets in excess of the actuarial accrued liability at the end of 2004 were \$49,835,000 and at the end of 2003 \$59,757,000.

For the year ending December 31, 2004, employee and employer contributions to all pension plans for the Utility totaled \$575,222 and \$561,678 respectively.

5. Self-Insurance Fund

The Utility participates in self-insurance fund programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability.

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

5. Self-Insurance Fund (continued)

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level.

The City maintains a cost plus life insurance program administered by Minnesota Mutual Life Insurance Company, which provides life, accidental death and dismemberment, and conversion privileges to participants and life insurance to designated dependents. Benefit levels are based on employee compensation.

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance.

6. Long-Term Debt

A. Revenue Bonds

Revenue bonds are issued by the City of Wichita where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at December 31, 2004 are as follows (expressed in thousands of dollars):

	Interest Rates	Final Maturity Date	Amount Outstanding
1997-Water & Sewer	4.50 - 7.875%	2016	\$ 47,480
1998-Water & Sewer	4.00 - 4.70%	2012	19,345
1999-Water & Sewer	4.00 - 6.00%	2018	38,900
2000A-Water	4.69%	2021	2,382
2000B-Water	4.69%	2021	4,101
2001-Water & Sewer	3.00 - 5.00%	2009	10,930
2003-Water & Sewer	2.00 - 5.25%	2028	<u>119,365</u>
Total Water and Sewer Utility			<u>\$ 242,503</u>

Changes in the long-term liability for the year ended December 31, 2004 are summarized in the following table:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$252,913	\$ -	\$ (10,410)	\$242,503	\$10,937
Unamortized premium	5,515	-	(261)	5,254	(261)
Deferred amount on refunding	<u>(914)</u>	<u>-</u>	<u>109</u>	<u>(805)</u>	<u>109</u>
Total bonds payable	257,514	-	(10,562)	246,952	10,785
Contract payable	548	-	(270)	278	278
Compensated absences	<u>742</u>	<u>912</u>	<u>(886)</u>	<u>768</u>	<u>665</u>
Total long-term liabilities –					
Water and Sewer Utility	<u>\$258,804</u>	<u>\$ 912</u>	<u>\$(11,718)</u>	<u>\$247,998</u>	<u>\$ 11,718</u>

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

6. Long-Term Debt (continued)

A. Revenue Bonds (continued)

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

Year ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 10,937	\$ 11,516
2006	11,424	11,051
2007	11,971	10,554
2008	11,750	10,016
2009 - 2013	66,418	41,444
2014 - 2018	65,945	24,920
2019 - 2023	42,118	11,698
2024 - 2028	<u>21,940</u>	<u>3,222</u>
Totals	<u>\$242,503</u>	<u>\$ 124,421</u>

B. Contract Payable

The Water Utility maintains a contract payable to the U.S. Department of Interior for construction of Cheney Reservoir, which was issued for \$5,754,025 in January, 1961. The liability is payable in annual installments on October 1. The remaining balance on December 31, 2004 is \$277,803 calling for one principal installments, \$277,803 in 2005 plus interest at 2.625 percent. Debt service requirements to maturity for the Water Utility contract payable are as follows (expressed in thousands of dollars):

Year ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2005	278	7

C. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2004, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

<u>Account</u>	<u>Amount</u>	<u>Expenses</u>
Unrestricted revenue	Amount deemed reasonable and necessary to pay expense of operation and maintenance for the ensuing 60 days	Expenses for operation, repair and maintenance for the Utility
Principal and Interest	An equal prorate portion of the next semi-annual interest payment plus the semiannual principal maturity on the first day of each month which is sufficient to meet the maturing bond and interest requirements.	Payment of principal and interest on revenue bonds

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

6. Long-Term Debt (continued)

C. Revenue Bond Ordinance Provisions and Reserve Requirements (continued)

Account	Amount	Expenses
Bond Reserve	All Utility revenue bonds are guaranteed by an alternate credit facility. Therefore a bond reserve is not required.	
Depreciation and replacement	\$5,000 monthly, or the amount available after above allocations, until 15% of the operating revenues of the preceding year are accumulated.	To be used for the purpose of making extraordinary maintenance and repairs, capital improvements, and if other funds are not available, for the cost of operating and maintaining the Utility.
Improvement	Amount remaining in the Revenue Fund on each January 1, which shall not be required for the operation and maintenance of the Utility or for the transfers required to the above accounts for a period of 90 days shall be credited to the account.	May be used for (1) operational and maintenance expenses of the Utility, (2) increase amounts in any of the other accounts to cover potential deficiencies, (3) improvements, repairs or extensions of the utility, (4) redemption of bonds issued under provisions of the ordinance prior to maturity, or (5) to make transfers to the Revenue Fund.

At December 31, 2004 and 2003, cash determined in accordance with the revenue requirements was \$7,011,169 and \$6,525,281.

Assets segregated and restricted are as follows:

	2004	2003
Principal and Interest	\$14,118,410	\$14,022,544
Depreciation and Replacement	5,719,102	5,469,486
Improvement	34,893,860	59,919,847
	<u>\$54,731,372</u>	<u>\$79,411,877</u>

7. Temporary Notes Payable

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the

CITY OF WICHITA, KANSAS

NOTES TO THE COMBINED WATER AND SEWER FUND FINANCIAL STATEMENTS

DECEMBER 31, 2004

7. Temporary Notes Payable (continued)

governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. As of December 31, 2004, the Utility did not have any temporary notes outstanding.

8. Segment Information

The Utility maintains separate funds for water and sewer services. Segment information for the year ended December 31, 2004 is located in the Financial Section of this publication.

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